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Yugoslavia's Simic Meets Officials in Geneva

LD0605211594 Belgrade TANJUG in English 2035 GMT 6 May 94

["Pool" item]

[Text] Geneva, May 6 (TANJUG)—Yugoslav Deputy Prime Minister Zeljko Simic said on Friday U.N. special envoy for former Yugoslavia Yasushi Akashi had confirmed his principled stand that only peace for all of Bosnia-Herzegovina could provide a sound foundation for a sensible and lasting political settlement. In a statement to TANJUG, Simic said Akashi had told him on the telephone he would continue to insist on neutrality in the Bosnian civil war and non-use of force in dealing with the problem.

Simic, who attended the sixth session of the working group for economic issues of the Geneva-based international conference on the former Yugoslavia, on Friday met with conference co-chairman Thorvald Stoltenberg, Akashi's closest aides, several influential international figures and representatives of international institutions. Among others he met with the director of the International Migration Service, with whom he had what he described as a cordial and constructive meeting which focused on a draft agreement on regulating the status of the organization's Belgrade office.

During the meeting, Simic spoke of the intention of some West European countries to launch a coordinated action of repatriation of Yugoslavs, mostly ethnic Albanians from the Serbian province of Kosovo-Metohija. The Yugoslav official also met with Croatian ambassador in Geneva Miomir Zuzula, with whom he discussed normalization of bilateral relations.

Simic described the sixth session of the economic group as unsuccessful and dismissed as unfeasible a proposal put forth by chairman Jean Durrieu for reviving and reconstructing the economic space of former Yugoslavia. This goal is unattainable for as long as the civil war in Bosnia rages on and sanctions against Yugoslavia are in force, he explained.

Later on Friday, Simic is due to meet with the other co-chairman of the international conference on the former Yugoslavia, Lord Owen, and the president of the World Health Organization. He may also meet with U.N. Secretary-General Butrus Butrus-Ghali before returning to Yugoslavia later tonight.

G-7 Leaders Meet in Warsaw, Discuss Aid

Hata, Rexrodt on Numerical Targets

OW0705100594 Tokyo KYODO in English 0933 GMT 7 May 94

[Text] Warsaw, May 7 KYODO—Japanese International Trade and Industry Minister Eijiro Hata said Saturday [7 May] that Japan will send a trade expert to the former East Germany to help promote exports from the region. Meeting with his German counterpart Guenter Rexrodt, Hata said the expert from the semi-governmental Japan External Trade Organization will look into possible export products in the region for a year, a Japanese official said. Rexrodt told Hata that the former East Germany needs foreign assistance and he expects the Japanese trade expert to bring good results, the official said.

Touching on stalled Japan-U.S. talks on a new trade framework, Hata reiterated Japan's opposition to U.S. demands that Tokyo set numerical targets to measure progress in reducing Japan's trade surplus with the United States.

Rexrodt said there must be progress in opening Japan's markets, but noted that he opposes setting numerical targets as sought by the U.S. as Japan does. Hata and Rexrodt are in the Polish capital to attend the third meeting of economic officials from the Group of Seven (G-7) industrial nations and from officials from Eastern Europe and the former Soviet Union on East-West trade issues.

Japan Notes Interest in South Africa

OW0705112594 Tokyo KYODO in English 1100 GMT 7 May 94

[Text] Warsaw, May 7 KYODO—Representatives of the Group of Seven leading industrial nations agreed Saturday [7 May] to coordinate their assistance to South Africa under its new government following last week's elections, a Japanese official said. The agreement came at a meeting in the Polish capital hosted by U.S. Commerce Secretary Ron Brown to help promote private investment in South Africa at the request of South African President-elect Nelson Mandela.

Japanese International Trade and Industry Minister Eijiro Hata assured other G-7 officials taking part in the meeting that Japan has a serious interest in the matter and is ready to cooperate in various ways, the official said. The G-7 officials are scheduled to hold talks with the newly named South African trade and industry minister, Trevor Manuel, who is to arrive in Warsaw later on Saturday, the Japanese official said.

Hata and other G-7 officials are in the Polish capital to attend the third meeting of economic officials from the G-7 nations and from Eastern Europe and the former Soviet Union on East-West trade issues. The G-7 consists of Britain, Canada, France, Germany, Italy, Japan and the United States.

Market Transition Discussed

OW0705143094 Tokyo KYODO in English 1414 GMT 7 May 94

[Text] Warsaw, May 7 KYODO—A two-day East-West economic and trade conference was set to close Saturday [7 May] after adopting a statement summarizing its

discussions on cooperation to promote the transition of the former Soviet Union and its East European allies to market economies.

Discussions in the final-day session centered on government policies to promote economic reforms in the region and measures to close regional economic gaps, conference sources said. The participants also exchanged views on a declaration, adopted by business executives at a business forum Friday, calling for 200 billion dollars of direct foreign investment in the region by the year 2000, they said.

Present at the discussions on Saturday morning were ministers in charge of economic, industrial and trade affairs and business representatives from the Group of Seven (G-7) major industrialized nations and 10 countries of Eastern Europe and former Soviet republics, they said. The declaration also called for the privatization of state-run enterprises in the 10 countries and promotion of East-West trade, they said.

Eijiro Hata, Japan's minister of international trade and industry, told a ministerial-level session in the afternoon that Japan will cooperate to promote industrial development in the region. In connection with this, Hata said Tokyo will hold seminars in Moscow and Warsaw in late September to help promote the development of smaller enterprises, foreign trade and investment. Hata also said Japan will conduct surveys in two former East-bloc countries, including Poland, in 1994 and 1995 to work out measures to overcome the economic recession.

The United States is likely to be selected as the site for the next session in 1995, the sources said.

Results of Conference Reviewed

WS0905132794 Warsaw RZECZPOSPOLITA in Polish 9 May 94 p 7

[Report by Jedrzej Bielecki: "Third East-West Conference—Declaration of Business; Supporters and Opponents"]

[Text] "Today's meeting will go down in the history of international economic relations because never before has it been acknowledged so openly that it is, first of all, private companies that are responsible for the economic development of a given country and for the creation of new jobs, and that governments can only help in achieving this," said U.S. Commerce Secretary Ronald H. Brown at the end of the Third East-West Conference of the Ministers of Economy, Industry, and Trade of the G-7 and E-10 states.

"The Warsaw Declaration of East-West Business," approved at the conference by private entrepreneurs of the G-7 and E-10 states, lists the conditions for quick economic development in the former socialist countries and their integration into the global economy. The document draws attention, among other aspects, to the need to persuade people in those states which are implementing reforms to acknowledge the role of foreign investments, which, because of the lack of the countries' own capital, are often the only possibility for transferring technologies and maintaining the competitiveness of companies.

Businessmen believe that liberalizing the rules of capital traffic might considerably accelerate the integration of the countries of this region into the global economy. According to them, international financial establishments should pay greater attention to the special needs of private companies and should more frequently employ venture capital [two preceding words in English] methods. The businessmen also stated that despite differences which exist right now, the countries of Central-East Europe should strive to make trade rules more uniform, which is particularly important now—in a situation when regional economic alliances are being established all over the world.

One of the enthusiasts of the declaration is R. Brown, who said that it is the best road to the integration of Central-East Europe with the rest of the world. A similar view was also expressed by Aleksandr Shokhin, Russian deputy prime minister and economy minister, who, however, expressed his disappointment over the approach of the G-7 group toward his country to date. Up to now the richest countries of the world have invested $2.6 billion in the Russian Federation, whereas, according to A. Shokhin, this country is able to "absorb" $50 billion to $70 billion a year. The Russian deputy prime minister pointed out that every year Russia loses $3 billion because of barriers to Russian exports imposed by well- developed states. According to him, the lack of orders for Russian military equipment is special proof of this.

Many reservations to the ideas contained in the declaration were voiced by Czech Economy and Trade Minister Vladimir Dlouhy, for whom the differences among the E-10 states are too great, and so it is not possible to carry out a joint economic policy toward them. He also warned against admitting foreign investors indiscriminately: they frequently take advantage of what is best in a given country, but do not give anything in return. Also Jean-Pierre Landau, chairman of the French delegation, drew attention to the fact that one cannot indiscriminately accept the remarks included in the declaration because governments have priorities different from those of economic milieus.

The greatest doubts concerning the possibilities of reaching the goals of the Warsaw Declaration were expressed by the representatives of the former Soviet republics, for whom almost the only possibility of attracting foreign capital is the offer of privatizing the economy. Uladzimir V. Radkevich, Belarusian foreign economic relations minister, said bluntly that since last year's East-West Conference in Tokyo, his government had looked more optimistically on possibilities for cooperating with the West and made a strategic decision

concerning the integration of the Belarusian economy with Russia. Out of the offers of participation in 10 pilotage projects presented in Tokyo, not even one was answered. The next meeting—the Fourth Conference of G-7 and E-10 countries—will be held next year in Washington. Aside from the participants which have been taking part in the conferences to date, Slovenia will also participate—as an observer.

During the conference, Warsaw was visited by Trevor Manuel, newly appointed trade minister of the Republic of South Africa. He was assured by the G-7 states that the future economic development of the Republic of South Africa would be supported by them. The United States decided to allocate $600 million for that purpose; Great Britain—150 pounds; Japan and Germany—"substantial sums of money."

Police Clash With Hunger Strikers in Kukes

AU0605082594 Tirana TVSH Television Network in Albanian 1800 GMT 5 May 94

[Text] A Public Order Ministry report confirms that yesterday afternoon 150 to 200 residents from the villages flooded by Fierze lake began a hunger strike and occupied the committee building of Kukes city. Their demands consisted of an annual rent for the flooded land, compensation for the flooded houses and other buildings, an organized transfer to other areas, and long-term loans. As seen, some of these demands cannot be met and are unreasonable. The democratic government considered some other demands to be reasonable and promised to put them into effect.

For this reason, four ministers of the democratic government held a meeting with the strike commission yesterday. After lengthy discussions on these problems, they asked the commission to liberate the occupied building.

After this meeting, several strikers abandoned the strike. More than half of them categorically refused to leave and attacked the public order forces, as they attempted to evict them according to the law. Consequently, 26 persons were wounded with stones and other hard objects—of whom 14 were from the Public Order forces—with two suffering fractures.

The Public Order Ministry stresses that certain extremist elements stand behind these offenders, who are former Labor Party leaders and collaborators of the secret police and who, besides this, have today committed the grave crime of blocking the national road. The Public Order Ministry stresses that measures according to the law will be initiated against the persons responsible.

Berisha, Ministers Discuss Evicted

AU0705195292 Tirana TVSH Television Network in Albanian 1800 GMT 6 May 94

[Text] President of the Republic Sali Berisha received Prime Minister Aleksander Meksi and Ministers Xhaja, Musaraj, Manushi, and Halili in a long meeting. They informed the president about the problems created by the strike as well as the demands of the strikers, who represent families evicted as a result of the construction of dams and hydropower stations.

At the meeting Prime Minister Meksi stressed that the government has been and still is seriously engaged in treating all the problems of evicted families as well as their reasonable demands, despite the fact that in these demands there are some things that are financially absurd and cannot be afforded. Concerning these reasons, he is going to meet the representatives of the evicted families on Sunday.

The ministers, who have established contacts with representatives of the strikers, also said that the strikers' claims constitute serious and fair demands in themselves. Minister Halili noted that upon the government's order, the Agriculture Ministry has compiled and continues to compile lists of all evicted families and, according to its decision, will present it to the government for examination by the end of May to enable the government to take concrete measures to resolve the problems of these families.

President Berisha said that he has studied the petition and the demands of the evicted families, understands them quite well, and is sensitive to the created problems and the difficulties they have faced as a result of the eviction from their land and houses.

Concerning yesterday's events in Kukes, he pointed out that we have to deal with two realities: First, we have to deal with several fair demands and serious difficulties of the evicted families. Thus, in case there exists any absurd and unreasonable demand, this does not mean that this factor should darken, though little, the solution of the other fair demands.

Second, if two, five, or 10 elements of Enverist convictions or evil aims managed to get among the strikers and disorient them, the other reality represented by several separate extremist elements should in no way lessen the urgent interest of the government to treat the fair demands of the evicted families with priority, because these manipulators who undertake to usurp state buildings and block national roads have nothing in common with the troubles and sorrows of the evicted population.

The government should have shown and must show itself to be more active in resolving their problems. It is necessary to complete the registration of these families, to identify who has received land according to the law and the ones who are left with no land, who are employed and who are not, who have received homes and who have not, and to start a program quickly to solve the problems of these evicted families and compensate them according to possibilities.

I am convinced that after seeing that the government is concretely solving their problems, they will themselves understand that several demands are unacceptable and will abandon them. That is why the government and the parliament should consider the problems of the evicted with priority and in their complexity, President Berisha stated.

Reasons for Strike, Incident Detailed

AU0905102894 Lezhe KOHA JONE in Albanian 7 May 94 p 2

[Altin Malaj report: "Tense Situation in Kukes"]

[Text]

Why Is There Tension?

The first days of May were very tense in Kukes. A possible hunger strike had been announced some days previously as a consequence of the intolerable misery that is a result of the neglect of the demands of the

inhabitants of 45 villages along the banks of the Drin. People's feelings brought them out on the streets. Gatherings increased on 1, 2, and 3 May. Warning strikes also began, while the government in Tirana remained silent at demands that were beyond the competence of local authorities. The strikers then decided to embark on that most appalling human act, a hunger strike. Perhaps this is the only way to make our governments come out to the people. This is indeed what happened. It took a group of 50 strikers occupying the meeting hall of the former Kukes District Executive Committee on the morning of 4 May for four ministers of the Democratic government to urgently descend on Kukes by helicopter. These included Public Order Minister Agron Musaraj. Ministers Manushi, Halili, and Xhaja flew with him.

Why Did the Strike Begin?

When the great dam of the Fierze hydroelectric station was built years ago, it did not occur to anybody that this project could later become the cause of major social problems that would lead people to consciously make sacrifices of themselves. The then regime made an extraordinary commotion about creating new socialist villages, about which even songs were composed. These are now turning into scenes of tragedy. About 30,000 inhabitants of the inundated villages were rehoused in 13 specially constructed so-called "socialist villages." At that time, these people who were uprooted from their land were content merely with a house each, which the state built for them. They made no great claims over their expropriation, because other cooperativist peasants were in virtually the same position. However, the start of the democratic movement, the collapse of the cooperatives, and the restoration of property left these inhabitants of inundated villages stranded like fish out of water. They could not return to their old land, because this was under the waters of the "lake of light." Moreover, the inhabitants of the villages where they had settled began to evict them, because of their own land ownership. This was when they started to raise their demands, which boiled down to a matter of life and death. They democratically created their association of those expropriated by flooding, which was recognized by law. In 1991, they also formulated their demands, which they submitted to the government. Here they are:

—about 2,000 hectares in compensation for the inundated land.

—rent for their land on the basis of the approximate value of the produce of the inundated land.

—recognition of co-ownership in any possible privatization of the hydroelectric station.

—compensation for the difference in house values then and now.

—the accommodation of emigrant families in areas with adequate land.

But what concretely has been done with these demands between 1991 and now? Nothing, except that they have been recognized as fair, both then and now. In September 1993, representatives of the association meet with Arbnori and Selami, and as a result a government commission was created under Hasan Halili, now agriculture minister. This commission has apparently never met. The protests of the people of Kukes continued with a petition addressed to the president of the Republic, but all these efforts fell on the government's deaf ears. Under such circumstances, the association decided to use the final method of a hunger strike.

Dialogue Followed by the Use of Force

The government was faced with an accomplished fact: In the hall of the building in Kukes, the initial number of strikers had trebled. They threatened not to leave the hall alive unless their demands were met. Around the building, hundreds of other people expressed solidarity with those inside. The tension continually increased. The ministers came from Tirana. They started talks with the strike committee, the committee of the association, and the district council. All the district's political groups called the strikers' demands fair, as did the ministers, who attempted to extinguish the conflict with discussions and promises. They offered hope for the migration of some families, which had been approved by the relevant communes. However, the strikers insisted on all their demands and requested an urgent meeting with Prime Minister Meksi. Thus the dialogue became embittered, and the members of the government, who had not forgotten to bring with them some vehicles with special forces, decided to use coercion, and declared the strike to be illegal. Clashes began between citizens and the special police forces. Forces of the Kukes police were not used. There was no way in which they could strike at their parents, brothers, and sisters. There were inevitably gunshots and blows with truncheons and stones. A truly painful situation. The result? Exact information is not available, but official reports speak of 26 wounded, including 14 policemen and 12 demonstrators.

The tension in Kukes, which has lasted five days, is continuing. The prime minister has still not gone there. The national highway by the bridge of the Drin i Zi linking Kukes with the rest of Albania was blockaded for one day, another harsh warning from the strikers' supporters. The number of people surrounding the building where the strikers are holed up sometimes rises, sometimes falls. It is said that Jah Trota, chairman of the strike committee from the village of Kenete, has spoken to Mr. Meksi on the telephone, but they wait for him in Kukes. Perhaps this would defuse the tension of recent days.

Havel on Civil Disobedience, RSA Elections

LD0805150094 Prague Radiozurnal Radio Network in Czech at 1215 GMT on 8 May 94

[Regular weekly interview with President Vaclav Havel by Robert Tamchyna in Prague on 7 May—recorded; from the "Conversations at Lany" program]

[Excerpts] [passage omitted] [Tamchyna] It is likely that some people felt a shiver down their spine just a week ago when on Sunday at the May Day rally organized by the Communist Party of Bohemia and Moravia [KSCM] its Chairman Miroslav Grebenicek called for actions by individual citizens going as far as civic disobedience. [passage omitted]

[Havel] I would like to say that the principle of civic disobedience as such is a respectable form of defense by a group of citizens in the conditions of a dictatorship, apartheid, and so forth. In my view there is neither room, motive, nor logical reason for such a principle of disobedience in a democracy where power has really come from the people—in free elections.

It also strikes me as somewhat alarming that this view is voiced by an official of the party which has on many occasions throughout its history proved its opposition to democracy. I wonder if this appeal is not a harking back to the communist methods of conquering power.

[Tamchyna] I hope it will not sound too lofty if I say that all the world's eyes have over the past few days been focused primarily on the Republic of South Africa [RSA], where the first multiracial elections are over and the results known, and probably no one expected those results and the new division of political forces to solve all the problems of the Republic of South Africa. My question is probably something like this: Will the new political structure of the Republic of South Africa be able to appreciate the concept of democracy not only in terms of its advantages and rights but also with all the duties and responsibilities it entails?

[Havel] The process of national liberation and extrication from white domination is a logical, legitimate, and lawful one which has taken place throughout the world, and I think that the fall of apartheid in the Republic of South Africa is cause for universal delight. The Republic of South Africa naturally faces a difficult time ahead. All countries which freed themselves from colonial domination have experienced and are still experiencing difficult times, but they probably do have to pass through this phase.

Since you are asking me, I would like to take the opportunity to praise the achievements of President de Klerk, who at one time paid an official visit to our country during which we talked at length. He really is a courageous man. He has made a decisive contribution to these changes. He was well aware that after putting into effect the changes he is now instituting and which he considers to be right, he would lose the presidential office. But he put justice before his own position. I think he is a man who deserves worldwide recognition and who was rightly awarded the Nobel prize. By this I do not mean to say that Nelson Mandela did not deserve it. All that remains for me to wish him is that, if he is indeed elected president at the beginning of next week, he might lead his country wisely through the period which awaits it. [passage omitted]

Havel Addresses Army, Veterans on Victory Day

LD0805201094 Prague CT 1 Television Network in Czech 1730 GMT 8 May 94

[Excerpts] [Announcer] At the proposal of the government, President Vaclav Havel has appointed three officers of the Czech Army to the rank of first general. On this occasion he delivered a speech marking the 49th anniversary of liberation from fascism. We now present the full version of this address.

[Begin Havel recording] Gentlemen, veterans, esteemed fellow citizens! Voices pointing to various possible external dangers and demanding that politicians should pay more attention to the security of our state and to a faster building of a system of security ties with the democratic world are beginning to appear in our part of the world and from time to time even in our country.

These voices, even though they may often be out of proportion to the situation, do nevertheless, testify to a certain fact. They are evidence of a certain disquiet, of a feeling of uncertainty, and of concerns that four years after renewing its independence, our comparatively small country, which is moreover situated in an exposed position, is still finding itself in too much of a vacuum, because its belonging to the West has still not been properly, or if your like, institutionally, confirmed. By adopting a cautious approach, by having an aversion to changes and fear of new things, the West allegedly keeps showering on us uncertain promises rather than tangible deeds and our politicians are allegedly accepting this situation with too much ease. I am not going to evaluate now to what degree these opinions are or are not justified. I will rather concentrate on bringing to your attention what we ourselves must do if we wish to reinforce our own certainties.

The appropriate international talks aimed at our speedy and firm incorporation into the political, economic, and security structures of the democratic world are being conducted almost on a daily basis. Perhaps they could be conducted with an even greater urgency. But this approach itself is far from being enough. I think it is far more important that we, as a society, are capable of expressing through concrete deeds our willingness, will, and courage to both defend our own freedom and independence and to participate in the joint international defense of democratic values anywhere where they are being trampled on.

The point is that no one will give us any security guarantees unless he is sure that we ourselves are capable

of defending our country and, at the same time, we take on the broader responsibility we are demanding from others.

An international alliance is not and cannot be based on a unilateral action, which means that the task of one side is to render all-round help, while others are here to be helped. In other words, we ourselves must not refuse to take risks and make sacrifices and at the same time, ask others to run risks and make sacrifices because of us. The advantages of freedom, independence, and development cannot be enjoyed while responsibility for their defense is delegated to others.

I think that our modern history offers quite a lot of evidence of the fact that freedom is not a gift that is fought for and that is later handed out by the powerful of this world, but that only he, who himself is working toward winning and defending it is able to win or defend it. [passage omitted]

Thanks to the entire set of historical circumstances we fortunately did not have to wage an armed struggle to liberate ourselves from Communism. But this does not at all mean that all has been taken care of forever and that we do not need to worry about our security any more. Unfortunately, we do not, and will hardly ever live in such an ideal world. After all, the will to get involved in the struggle for justice and peace demonstrated by our units in the Persian Gulf and in the former Yugoslavia has given a considerable boost to the respect our state enjoys on the international arena today. [(passage omitted]

Today, the day when we recall the end of the Second World War, I greet on behalf of all my fellow citizens our war veterans. I greet those present in this hall and all other veterans, including those living abroad. I greet them as people to whom we owe our present freedom, I greet them as people who should be an inspiration for our entire army. In appointing new generals today, I am guided by the conviction that they are aware of this example and that their work will enhance the credibility of our army.

The great changes that have taken place in our army in the recent years testify to the loyalty and professional attitude of career soldiers. I believe that our army will successfully continue the work that has begun. The credibility of our republic, or in other words, the credibility of all of us, depends to a considerable degree on its loyalty and credibility. Providing our army is ready to defend at any time the values we enjoy today, and providing this readiness is based on the general support by society, the society that is aware that evil must be fought even with arms, we do not have to fear for our security and we do not have to fear that in case we are threatened, others will fail to show their solidarity for us. Gentlemen, I congratulate you on your appointment. War veterans, thank you. [end recording]

Baudys Outlines Defense Issues

AU0605182094 Prague HOSPODARSKE NOVINY in Czech 4 May 94 p 3

["(joe)"-signed report: "The Army: The Number of Interested Parties Is Increasing, the Number of Apartments Has Declined"]

[Text] Prague—Almost 1,000 people have shown an interest in serving in the rapid deployment brigade since the start of the Czech Army's recruitment drive. Defense Minister A. Baudys said at yesterday's news conference that this is approximately one-third of the number required for this unit, which should have 3,000 men. Not all applicants, however, meet the standards required. The minister also referred to the talks with representatives from the Slovak Army, with which the Czech Army has concluded an agreement on mutual cooperation, and the talks concerning the Partnership for Peace plan. However, instead of a meeting involving the Visegrad Group defense ministers, which was proposed by the Slovak side, A. Baudys thinks it is more purposeful to hold expert consultations on specific common issues.

The minister praised the recent government decision that enables the Czech Army to sell surplus military materials and property in its ownership. Baudys estimated the book value of the discarded materials to be 1 billion korunas [Kc]; however, he pointed out that this often involves property that it is difficult to sell. The property is offered to the state administration and, as long as the right of first option is not utilized, it is sold at auction by real estate agencies. The facilities vacated by the Czech Army in the cities are usually turned into apartments for soldiers. Thus, the army is partially resolving the situation whereby—by the adoption of the new housing law—it lost, according to A. Baudys, the right to administer roughly 30,000 apartments. The Czech Army contributed Kc1.8 billion to the state budget last year by selling its property. At the same time, the cost of protecting and upkeeping its property, which placed a burden on the Army—that is, on the state budget—has been reduced.

[Prague CESKY DENIK in Czech on 4 May on page 2, under the headline "The Public Can Be Unconcerned," carries the following "(jis)"-signed report: "According to Defense Minister Antonin Baudys, all the viral strains kept by the Army have been destroyed. He issued an order to destroy the viruses in February on the basis of a recommendation from an interdepartmental commission made up of experts from the Army and the Health Ministry. It had come to the conclusion that it was not necessary to continue to store the viruses. The commission's task is to assess all the materials on the research work carried out in the Czech Republic with various bacteriological materials."]

Trade Balance Deteriorates in First Quarter

AU0905101594 Prague DENNI TELEGRAF in Czech 5 May 94 p 8

["(pes)"-signed report: "Exports From Our Republic Have Declined This Year"]

[Text] Prague—The Czech Republic's foreign trade turnover during the first three months of this year increased by 4.8 percent compared with the same period of 1993; of this, imports rose by 15.9 percent and exports fell by 4.3 percent. This is apparent from the figures released by the Czech Statistical Office.

States with an advanced market economy had a 60.8-percent share in the republic's overall foreign trade turnover (European Union states had a 42.8-percent share and European Free Trade Association [EFTA] states had a 12.3-percent share). The Slovak Republic accounted for 15.2 percent; the countries of the former Soviet Union for 10.3 percent; developing countries for 7.3 percent; European states with a transitional economy (excluding the countries of the former USSR) for 5.6 percent; and states with a state-controlled trading system for 0.8 percent.

Imports in all categories rose. However, imports from Slovakia fell by 16.6 percent compared with the January-March period of 1993. Imports from states with a state-controlled trading system (index 144.2) and from European states with a transitional economy, excluding the countries of the former USSR, (index 132.7) rose most dynamically.

Despite the overall decline in exports, exports to EFTA states (index 161.6) rose. This was mainly due to the dynamism of our exports to Austria (index 169.0). Exports to Austria accounted for almost 10 percent of the Czech Republic's overall exports. Exports to developing countries (index 120.8) continued to increase. The most substantial decline in exports—apart from exports to states with a state-controlled trading system, which, however, have a small share in overall exports—was to Slovakia. Exports to Slovakia reached only 66.5 percent of the level for the first quarter of 1993, which represents a reduction of 6.6 billion korunas [Kc].

Imports from OECD countries during the first quarter amounted to Kc48.6 billion and exports amounted to Kc54.9 billion. The balance of trade was in the black by Kc6.3 billion. Compared with the same period last year, imports from OECD countries rose by 23 percent and exports to these countries rose by 13.8 percent.

The balance of trade for the first three months of 1994 showed a surplus of Kc1.7 billion. A surplus was achieved in trade with all territories, except the former Soviet Union, where there was a deficit of Kc8.5 billion. The surplus with European Union states amounted to Kc4.4 billion; with developing countries to Kc3.4 billion; with EFTA states to Kc1.3 billion; with European states with a transitional economy (excluding the countries of the former USSR) to Kc0.6 billion; and with states with a state-controlled trading system to Kc0.3 billion.

In overall imports from January to March 1994, the Federal Republic of Germany had a 23.1-percent share; the Slovak Republic had a 15-percent share; and Russia had a 13.8-percent share. Imports from Brazil (a 0.3-percent share in overall imports), Canada (0.7 percent), South Korea (0.6 percent), China (0.6 percent), Denmark (1.0 percent), and Switzerland (2.1 percent) grew most rapidly compared with the same period last year. Imports from Egypt and Bulgaria fell.

During the same period, 29.1 percent of the Czech Republic's exports went to the Federal Republic of Germany. Some 15.5 percent went to Slovakia; 9.8 percent to Austria; 3.2 percent to the United Kingdom; and 3.2 percent to Russia. Compared with the January-March period of 1993, exports to Turkey (a 1.9 percent share in overall exports); Japan (1.5 percent); Taiwan (0.4 percent); Hong Kong (1.6 percent); and Brazil (0.1 percent) increased most. Exports to China, Denmark, Romania, and Slovenia declined considerably.

From January to March 1994, in the structure of imports according to the categories of goods, the percentage of imports of machinery and means of transportation declined by 3.5 points compared with the same period last year. The percentage of imports of fuels and raw and processed materials in overall imports rose by 2.6 points and the percentage of industrial consumer goods rose by 0.9 points. The percentage of imports of foodstuffs remained the same. The value of imports, compared with the first quarter of last year, increased for all categories of goods. During the first three months of 1994, 1.7 million tonnes of oil (1.5 million tonnes during the same period last year) and 3.1 billion cubic meters of natural gas (1.7 billion cubic meters last year) were imported.

During the first quarter of 1994, in the structure of exports according to the categories of goods, the percentage of imports of fuels and raw and processed materials and industrial consumer goods rose by 2.1 and 3.0 points respectively compared with the same period last year. On the other hand, the percentage of exports of machinery and means of transport declined by 2.4 points and foodstuffs declined by 2.7 points. Compared with the first three months of 1993, only exports in the industrial goods category rose, by 19.1 percent.

ΩOECD Assesses State of Czech Economy

94P20731A

[Editorial Report] A recent OECD study of the Czech economy positively assesses its current condition and foresees continued improvement. The OECD report, which was summarized in the 25 March edition of the Prague business daily HOSPODARSKE NOVINY, credits the Czech Republic's recent success in part to its

"surprisingly smooth" separation from its former sister republic and to the stabilization and privatization policies of the government of Prime Minister Vaclav Klaus. The report notes that the Czechs have succeeded in compensating for a sharp decline in sales to Slovakia since the separation by increasing exports to Western countries by 19.5 percent last year, while, at the same time, allowing imports from the West to rise by only 5.2 percent.

The OECD experts attribute the Czech Republic's abilities to maintain strong foreign currency reserves and to achieve a favorable trade balance to its exceptionally stable fiscal and monetary policies and its low inflation rate. They warn, however, that the Czech Government should exercise caution with its wage regulation policy, even though this acts as a brake on inflation, because pent-up demand for wage increases could eventually lead to an explosive situation, especially in areas of labor shortages.

The OECD report praises the Klaus government's coupon-privatization policy for permitting the rapid privatization of over 36 percent of state-owned properties without arousing popular discontent, but it warns that the government's efforts to keep down the rate of bankruptcies (only 20 were declared in the first five months after the government's new bankruptcy law went into effect in mid-1993) could backfire as the number of insolvent firms accumulates.

The general macroeconomic picture is seen as promising, aided by a balanced government budget, a foreign-payments surplus, and the neutral monetary policy of the Czech National Bank. Industrial production is expected to increase, although only at a modest rate, while growth of 2 percent in 1994 and 5 percent in 1995 is predicted for the overall GDP. Nevertheless, unemployment will probably increase as the expected wave of bankruptcies starts to have an impact. (A study by the Vienna Institute for Comparative Economic Studies also warns of increasing unemployment this year, according to the 6 April HOSPODARSKE NOVINY. The Vienna Institute attributes the current low unemployment rate to a sharp drop in the size of the labor force, from 5.7 million in 1989 to a current 4.8 million. The drop is mainly the result of ending the artificially high work-force participation rate of 87 percent under the communist regime and of absorbing displaced industrial and agricultural workers in the rapidly developing service sector. The study sees both of these trends as essentially played out, making a doubling of the unemployment rate possible in 1994.)

The OECD experts said they expect a small surplus in the 1994 balance of payments, particularly due to net income from services and tourism. They warn, however, that this surplus may drop to near zero in 1995 as a result of increasing imports due to an expanding economy and continuing improvement in living standards. Their report notes that foreign currency reserves of $6.5 billion have been accumulated so far. (This was criticized by economic journalist Jan Kukacka, who described the foreign currency reserves as "dead" capital that is not being used for economic development and must, on the contrary, be "subsidized" by Czech citizens because it earns no interest and leads to higher prices. Writing in the 5 April HOSPODARSKE NOVINY, Kukacka also suggested that the surplus could be an indication of undervalued currency, a conclusion that was also reached in the Vienna Institute study.)

Moravcik on Elections, Czech Relations

LD0605194994 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1600 GMT 6 May 94

[Interview with Prime Minister Jozef Moravcik by correspondent Magda Pospisilova; place and date not given—recorded]

[Excerpts] [Pospisilova] A number of opposition politicians said this week that rumors about the postponement of the elections scheduled to be held this autumn were not mere idle talk. The interview you gave to last Monday's edition of NARODNA OBRODA seems to have confirmed such rumors.

[Moravcik] This is definitely not the case. We have made a decision. The parliament has approved the relevant constitutional law and set the date of the elections and this is binding for us. Therefore, nothing has happened.

[Pospisilova] It has been claimed that a pretext for postponing the date of the election from autumn could be the issue of the entry in the identity card testifying to citizenship of the Slovak Republic. The fact is that this entry is posing a problem. Regrettably the relevant authorities have up to now done nothing to resolve the matter.

[Moravcik] It is really not true that nothing is being done in this matter. When discussing the bill amending the existing law on elections we also examined that problem. It can be resolved technically. This is matter that the finance minister will have to tackle so that the elections can take place without a hitch.

[Pospisilova] Vladimir Meciar, chairman of the Movement for a Democratic Slovakia, said that the National Council was experiencing a deep political and moral crisis and that he was not certain whether it would last until the autumn elections. What do you think? Will it last?

[Moravcik] The question is, who was it who caused this deep moral crisis? It would be apt and very useful if former Prime Minister Meciar examined his own conscience. I believe, however, that what happened in connection with the vote of no confidence in Vladimir Meciar resulted in the consolidation of the parliament, making it capable of taking action—although problems naturally keep cropping up. We have, however, been successful in overcoming these problems and have to do everything possible to ensure that the plan we have set ourselves concerning legislative tasks facing the government is implemented. We must indeed be successful in this endeavor.

[Pospisilova] Your government survived the first stern parliamentary test this week. The opposition failed to secure a vote of no confidence in Deputy Prime Minister Roman Kovac. One can, however, hear voices that similar motions of no confidence are being planned for the coming parliamentary meetings.

[Moravcik] This method should not become an accepted thing in our parliament. We have to express ourselves very critically on the course of action chosen by the present opposition when, with no justification whatsoever, it proposes such motions. On the one hand we are wasting time, which is very precious. We are wasting resources since deputies, who on the whole are well paid, could do a more useful job and not have to listen to fabricated arguments. [passage omitted]

[Pospisilova] You are therefore not afraid of this?

[Moravcik] Of course, we have a sufficient amount of self-confidence because we feel that there is nothing that might realistically threaten the government position of any member of the present cabinet. [passage omitted]

[Pospisilova] Deputy Prime Minister Brigita Schmoegnerova and Finance Minister Rudolf Filkus have stressed repeatedly that the abolition of the so-called old clearing account for payments between the Czech and Slovak Republics could not come out of meetings between experts and that a political decision is needed. Czech Prime Minister Vaclav Klaus has, however, let it be known that in this matter he has nothing to discuss with you. He said moreover that he is not certain whether the Slovak side had a detailed knowledge of the given problem. What will be your answer to him, Mr. Prime Minister?

[Moravcik] We have examined the payments agreement between the Czech and Slovak republics, including the problem of the old clearing account. We have also consulted foreign experts. It has been shown that that agreement was a bad one; that it was rather disadvantageous precisely for Slovakia, especially as far as the old account was concerned. Since it is disadvantageous for Slovakia it is on the whole natural that it is in our interest to have it amended. Therefore, from this viewpoint, the situation is on the whole unequivocal. I firmly believe that the representatives of the Czech Republic will be accommodating toward us in this matter. [passage omitted]

[Pospisilova] Vaclav Klaus wants to discuss with you the issue concerning the border area at Kasarna. What is the attitude of the Slovak Government in this case?

[Moravcik] Unchanged, so far. This means we see no reason why there should be an exchange of territory in that locality.

Government Revises Meciar Resolution on Border

AU0905094194 Bratislava PRAVDA in Slovak 4 May 94 pp 1-2

[Report by Antonia Vymazalova: "Sidonia Will Be Set Apart From Horne Srnie and Annexed to the Czech Republic; Slovak Government Revoked Resolution of Its Predecessor"]

[Excerpts] Bratislava—The Slovak Government held its regular meeting yesterday with Prime Minister Jozef Moravcik as chairman. Among the first points on the agenda was the discussion and approval of a proposal to release funds for this year's financing of the reconstruction of Grassalkovich Palace in Bratislava, which is going to become the seat of the president of the Slovak Republic. The government agreed with the continued work on the reconstruction of the palace and appropriated 50 million Slovak korunas [Sk] as temporary financial assistance.

The minister of finance was charged with submitting to parliament an amendment to the Law on the State Budget of the Slovak Republic for 1994 and on changes to some other laws, under which the budget of the Office of the President will be increased by Sk100 million. The increase in expenditure will be allocated for the purpose of the technical reconstruction of the seat of the president.

The government yesterday revoked its predecessor's Resolution 220 of 8 March 1994 on the report on the activity of the Joint Slovak-Czech Border Commission and on the state of work on delineating the border in 1993. It fully approved conclusions from the January 1994 talks between the ministers of interior of Slovakia and the Czech Republic concerning expedient changes to the borderline. On the basis of this approval, it charged the minister of interior with ensuring, through the Slovak delegation to the Border Commission, the implementation of the proposed expedient changes to the border between Slovakia and the Czech Republic in the following localities: the Sidonia settlement on the territory of Horne Srnie in the district of Trencin (to be annexed to the Czech Republic); the U Sabotu settlement on the territory of Velky Javornik in the district of Hodonin (to be annexed to the Slovak Republic); and along the waterways Morava, Sudomerice creek, Skalice creek, and Moravka. Explaining the cancellation of the resolution at a news conference following the government meeting, Minister of Interior Ladislav Pittner said that Vladimir Meciar's cabinet did not agree with the Sidonia settlement being annexed to the Czech Republic as compensation for the annexation of the U Sabotu hamlet to the Slovak Republic. As regards the Kasarne recreational area, which is part of the community of Makov, Cadca district, Pittner said that the border here is a historical border and the Slovak Republic has no reason to call it into question. A decision on the problem of Kasarne is to be made by the two prime ministers in the near future. [passage omitted]

The government discussed a proposal to carry out the training of UN personnel from the Pakistani Armed Forces (PAF) in the Slovak Republic. It decided to submit the proposal to the National Council of the Slovak Republic for approval. It approved the proposal to appoint Professor Fedor Macasek, doctor of natural sciences, as state secretary at the Ministry of Education and Science.

Schmognerova Discusses Economic Priorities

AU0605202494 Bratislava PRAVDA in Slovak 3 May 94 pp 1-2

[Interview with Deputy Prime Minister Brigita Schmognerova by Lubo Rabay; place and date not given: "Not Only Macroeconomic Connections"]

[Text] *What is our true position in relation to the large international financial institutions such as the IMF and the World Bank? We discussed the changes in our approach to these institutions, and in their approach to us, with Deputy Prime Minister Brigita Schmognerova.*

[Rabay] Has devaluation under certain circumstances ever been considered?

[Schmognerova] No.

[Rabay] Even if it had been considered, you would hardly be likely to admit it. Let us therefore formulate the question the other way around: What will save us from devaluation at a time when we talk about the need for financial balance?

[Schmognerova] The IMF does not discuss these issues with the government but with the National Bank. Of course, we, too, would know about it.

[Rabay] At a news conference following your return from Washington you said that the IMF's position in relation to the Eastern European countries is becoming more flexible. In which way?

[Schmognerova] What I had in mind was that they are now incorporating the building of a social safety net into their program so as not to jeopardize the reforms through a deterioration in the position of the weaker social strata, which might provoke unrest....

[Rabay] This new approach thus has a political rather than an economic dimension....

[Schmognerova] The IMF focuses mainly on the macroeconomic balance. My critical objection to this was that it is necessary to see the broader connections of reforms.

[Rabay] Could you be more specific about how their position is more flexible today?

[Schmognerova] For example, until recently, they had not been pushing for the building of a social safety net. Now it is also possible to cooperate to a greater extent with the World Bank in structural changes to the economy. If measures taken in fiscal and monetary policy, which can be implemented fairly quickly, are not supplemented with measures in the real sphere, that is, at the company level, the effect from the attained financial balance disappears very quickly and even tougher monetary measures will have to follow.

[Rabay] I think that we have already been able to convince ourselves of the truth of this statement. As regards the World Bank, we know that, when promising

assistance, it demands from the other side a clear setting of priorities. Are we able to set them today, or are we going to subordinate ourselves to whatever life will bring?

[Schmognerova] Our problem is not that we did not formulate our basic priorities but that we have not been able to implement them. Even the preceding government subscribed to transformation and privatization. In the Memorandum on Economic Policy, for example, it pledged to liberalize energy prices, but it was not able to push it through. Privatization ground to a halt. The law on bankruptcies preserved in many enterprises the pre-transformation situation because only the article of the law permitting the suspension of bankruptcy proceedings was used. In short, all kinds of things had been prepared but little was actually done.

[Rabay] Are you suggesting that the present Slovak Government's more active approach, which you have repeatedly stressed on other occasions, actually means that the previous government's policy is being shifted into the phase of implementation?

[Schmognerova] We are realists, we know that only five months are ahead of us. At any rate, we would like to set this phase in motion.

[Rabay] Are you thinking of privatization?

[Schmognerova] Not only privatization. We would also like to speed up the transformation of the social sphere and start very energetically tackling also the financial situation in the company sphere and in commercial banks. This is a long-term process but it needs to be speeded up....

[Rabay] Is this a signal that bankruptcies will start? Is there some kind of a list of companies that are earmarked for bankruptcy?

[Schmognerova] There is a list at the Ministry of Economy. Of course, it will not be applied mechanically. Especially with respect to enterprises of regional significance with great impact on the social sphere, bankruptcies must be preceded by measures providing security for the people laid off. The World Bank's assistance could be significant precisely in this regard.

[Rabay] Do you think that foreign investors' interest in Slovakia will increase during this government's term of office?

[Schmognerova] Measures such as tax relief do not seem to me to matter all that much in this respect. Foreign investors are interested chiefly in political stability, which, it seems, we have succeeded in improving, as foreign reactions show. As regards specific steps, we are expecting the arrival soon of a mission of potential U.S. investors....

[Rabay] A large-scale mission of Canadian financiers and businessmen pursuing a similar aim was to take place a few days ago. Why did it not materialize?

[Schmognerova] It had not been well prepared on the Canadian side, that is, on the part of Canadian Slovaks. With regard to conditions for foreign investors, we want to concentrate particularly on eliminating administrative obstacles to their participation in privatization.

[Rabay] But is coupon privatization not one such obstacle? Three years passed before the companies privatized in this way in the first wave could proceed to their actual transformation and behave as independent entities....

[Schmognerova] What we need most badly today is a real change in the conduct of companies.

Article Analyzes Party Popularity Survey

AU0605174794 Bratislava SME in Slovak 30 Apr 94 p 4

[Article by Ondrej Dostal: "According to the Results of a Public Opinion Survey, Most of Slovak Society Welcomed the Change of Governments"]

[Text] At the beginning of April, the Statistical Office of the Slovak Republic conducted a opinion survey that confirmed the conclusions arrived at by some other research institutions regarding the increase in the popularity of the Movement for a Democratic Slovakia [HZDS] following its transfer to opposition. The survey did, however, provide other interesting data concerning the public opinion on the vote of no confidence in Meciar's government, early elections, and party preferences.

On the whole, it can be said that the opinion of the Slovak public regarding the change of governments is genuinely mixed, yet approval ultimately prevails. The entire parliamentary address by President Kovac that launched the process of recalling the government was endorsed by 24 percent of the respondents, parts of it were endorsed by 27 percent, while 16 percent of respondents completely disagreed with the president. In comparison, Meciar's parliamentary address immediately prior to the no-confidence vote was approved of completely by 19 percent, partially approved of by 29 percent, while 19 percent of respondents completely disagreed. The no-confidence vote in the government met with approval by 44 percent of those asked, while 39 percent disapproved of it. Those, who agreed with the president mostly disagreed with the then prime minister, and vice versa. The large representation of supporters of the Party of the Democratic Left [SDL] among those who partially agreed with Kovac but also among those who partially agreed with Meciar is of particular interest.

Trust in the president declined between March and April from 73 to 56 percent, while trust in parliament increased during that time from 29 to 40 percent. Trust in the president is dominant among the supporters of all political entities with the exception of the HZDS and the Slovak National Party [SNS] (this explains the decline in the trust in the president). In the instances of the

National Council of the Slovak Republic and the government, doubting HZDS and SNS supporters are joined by supporters of the Green Party in Slovakia (SZS). While the Meciar government was trusted in March by 34 percent and not trusted by 55 percent of respondents, the Moravcik government was trusted in April by 54 percent and not trusted by 39 percent of those asked. The increase in the trust in the government is quite obvious, and it can be safely assumed that those who trusted the Meciar government do not trust the Moravcik one, and vice versa.

Early Elections

The survey indicates that 39 percent of respondents consider the date of early elections appropriate, while 24 percent would prefer an earlier date, and 15 percent a later one. As many as 45 percent of respondents in April expected that the HZDS would win the elections, 15 percent expected a victory for the SDL, 5 percent a victory for the Alternative of Political Realism (APR), and 4 percent a victory for the Christian Democratic Movement [KDH]. It is the supporters of the SDL, KDH, and APR, who believe more in a victory for their party than in a victory for the HZDS.

Who will get the largest number of votes was also linked to April party preferences: HZDS—32 percent (32 percent of the 76 percent who intend to participate in the elections, i.e., 24 percent of all voters); SDL—13 percent, KDH—8 percent, Egyutteles and the Hungarian Christian Democratic Movement [MKDH]—7 percent, APR—7 percent, SNS—4 percent, Democratic Party [DS]—3 percent, SDSS [Social Democratic Party of Slovakia]—3 percent, SZS [Green Party of Slovakia]—2 percent, ZRS [Association of Workers of Slovakia]—2 percent, AD SR [Alliance of Democrats of the Slovak Republic]—2 percent, NDS-NA [National Democratic Party-New Alternative]—2 percent.

The survey makes it possible to determine certain characteristics of the voters of individual parties. Thus, for instance, HZDS voters are predominantly among people over 60 years of age (35 percent) and those with only elementary education (34 percent), and supported less by people aged 18-24 (26 percent) and those with university education (25 percent). With respect to age, the support for the KDH is similar—in the 18-24 age group only 2 percent would vote for the KDH, while in the over-60 group as many as 13 percent would. With the APR, on the other hand, the trend regarding education is the reverse of that of the HZDS. The APR is preferred by 15 percent of university educated respondents, and only by 4 percent of those with elementary education. The APR and the SDL are the only Slovak parties that also address to a significant degree people of Hungarian nationality. From the point of view of sex, the SDL deviates from the average (majority of men) and the KDH (mostly women).

The survey also determined the so-called negative preferences, i.e. whom the respondent would not vote for "under any circumstances." The most negative preferences went to the HZDS and the KDH (22 percent each), followed by the Egyutteles-MKDH coalition with 18 percent. The negative preferences of the other parties remain under 10 percent. The HZDS is clearly in the lead in negative preferences by the voters of the KDH, APR, and the Hungarian coalition—among the HZDS voters, it is the KDH, and the SNS voters named the Hungarian coalition. As usual, the answers from the voters of the SDL are not as clear cut. The first three ranks belong without a substantial difference to the KDH and MKDH-Egytteles (25 percent each) and the HZDS (24 percent).

Trust in Politicians

The three most trustworthy personalities for the citizens of the Slovak Republic are—Meciar (26 percent), and Moravcik and M. Kovac (25 percent each). Moravcik's supporters dominate (are more numerous than supporters of anyone else) in Bratislava, in western Slovakia, among the supporters of the APR, those who do not support any party, white collar workers, university and high school graduates, citizens of Hungarian ethnic origin, and also quite substantially among the SDL and KDH supporters. Meciar's supporters dominate in central and eastern Slovakia, among the HZDS and SNS voters in the over-60 age group, blue collar workers, unemployed, and people with elementary education. Kovac's supporters dominate in the 18-24 age group, KDH supporters (43 percent as compared with 41 percent for Carnogursky), and he also enjoys substantial trust of the SDL and APR supporters, citizens of Hungarian ethnic origin, and university graduates.

Parliament Estimates

In conclusion, one can ask what the structure of the parliament would be like assuming that the outcome of the elections is the same as that of the survey. To simplify matters, let us ignore the undecided voters. The SDL, SDSS, and SZS already announced their intention to create a social-democratic bloc (SDB), and therefore we will analyze them jointly. The APR and AD SR merged into the DEUS [Democratic Union of Slovakia]. The composition of the parliament, according to the outcome of the survey and without any other coalition being formed, would then be as follows: HZDS (65 deputies), SDB (37 deputies), DEUS (18 deputies), KDH (16 deputies), MKDH+Egyutteles (14 deputies). The Hungarian coalition and the DEUS would have as many deputies as today, the KDH almost as many as now, the SNS and NDS would leave the parliament, the HZDS would have about as many as it has now together with the SNS, and the SDB would improve its position from the present state of the SDL. If the parties did not change their coalition attitudes, the present government coalition would be supported in such a parliament by 85 deputies, the opposition formed of the HZDS alone would have 65 deputies.

The results of the survey allow for one more conceivable alternative—if the SNS, DS, and NDS went in the parliament thanks to some coalition mergers by a ratio corresponding to their preferences. In such an event, the HZDS would have 58 deputies, SDS 33, APR 16, KDH 14, MKDH-Egytteles 13, the SNS 7, the DS 5, and the NDS 4 deputies. With the exception of the SDB, the number of deputies of all present parliamentary parties would slightly decline from the status quo, while the DS, SDSS, and the SZS of the non- parliamentary parties would get in. The overall ratio between the present coalition and its potential allies on the one side, and the opposition (HZDS, SNS) on the other side would be in such an instance again 85 to 65.

All the aforementioned data indicate that Slovak society welcomed in April the change of governments—albeit moderately—and, with approximately equal strength, refused the return of the former set to power and wished for a continuing government of the broad coalition also after the elections. Will that also be the case in September?

Government 'Servility' to Hungary Criticized

AU0905094294 Bratislava REPUBLIKA in Slovak 4 May 94 p 4

[Commentary by Jozef Janto: "Servility Coupled With Naivete"]

[Text] Hungarian politicians have turned southern Slovakia and Bratislava into a place of pilgrimage, especially now, before the elections of 8 May. Hungarian Democratic Forum (MDF) Acting Chairman Leszak had the guts to declare, while visiting the sovereign Slovak Republic, that Hungarians are being denied their basic rights in Slovakia. His colleague from the same ruling party even said that covert and almost overt ethnic cleansing was taking place in Slovakia. Hungarian Socialist Party (MSZP) Chairman Horn, who is counting on electoral victory, and the chairman of the Alliance of Free Democrats (SZDSZ), who is also counting on becoming prime minister, were more diplomatic. But all of them had one characteristic in common: They came here to score points, that is, to play in the election campaign the card of the Hungarian ethnic minority.

Although gentlemen from the MDF were the most unscrupulous in playing this card, even in Hungary not everyone wants confrontation with their northern neighbor, particularly at a time when the Balkans are in flames and the conflict there is quite close. That is why Prime Minister Boross also had to score points, but, alas, not in the sense of holding much-needed businesslike and level-headed talks with Bratislava with the aim of concluding agreements accommodating both sides.

One has to openly admit that Boross and the entire MDF did score points at the meeting with Slovak Prime Minister Moravcik on Sunday [1 May], a meeting that had already been written off because Budapest was not interested in telling the public anything about it. The MDF, which, with the support of 8 to 12 percent of voters, has found itself in fourth place in the preelection opinion polls, now has a chance of gaining more votes in the elections. It will be assisted by our infinite servility, which was coupled in Komarom and Komarno with naivete. This was confirmed by Boross himself when he said after his talks with Moravcik that he "considered the meeting significant for him personally from the long-term point of view." While Horn (MSZP) and Kuncze (SZDSZ) had at least given Moravcik a formal pledge that they would confirm the inviolability of the Slovak-Hungarian border when they became head of government, Boross was far from mentioning anything of that sort. And he was even given the assurance that the Slovak Government would not link the opening of several border crossings with the signing of a readmission treaty [providing for the repatriation of illegal immigrants]. Slovakia, particularly its southern part, could then become a real huge promenade....

The aims of the Hungarian politicians, particularly those who aspire to being future rulers, are obvious. But what, for God's sake, was the aim of our government and, in particular, its head, who eagerly swallows every Hungarian bait? Supposedly, we should show the world that we are acting as good neighbors. Every garden and family home owner or tenant surely appreciates good relations with his neighbor. Good neighborly relations between states are of even much greater value. However, as always and everywhere, this must be the aim of both neighbors. Whenever Budapest has sought good relations to date, it did so only for propaganda reasons. We have the impression that Moravcik's government is doing the same thing—it wants to prove that things work better without Meciar. Let us concede that they do. In this case, however, servility and naivete could backfire ruthlessly.

Journalists Protest Political Control of Media

AU0705145594 Bratislava PRAVDA in Slovak 4 May 94 p 3

[TA SR report: "Media Should Serve the Public"]

[Text] Bratislava— The UN General Assembly proclaimed 3 May as International Day of Press Freedom. It is being marked for the first time this year, with the support, and participation, of the International Federation of Journalists, which represents 320,000 journalists from 75 countries, including the Slovak Republic. The Slovak Syndicate of Journalists [SSN] as a specialized professional and nonpolitical organization issued a statement on this occasion, which it made available to the TA SR.

It states, among other things, that fundamental changes in the status of the mass communications media and in the building of the independent position of journalists took place in Slovakia after November 1989. "In spite of this we observe attempts, which we regard as a relapse into past practices, to politically control media, which

should serve the public and not narrow political interests." According to the SSN, this has been documented in the last few days by the events surrounding the Slovak Television Council. The SSN goes on to draw attention to the fact that Slovak Radio is short of 8 million korunas a month, even though it has already reduced the number of radio stations it operates from three to two. Due to economic pressures, Slovak Radio abolished last year 125 permanent posts of editors and other creative workers. In the process of transformation, the media has found itself in a complicated economic situation. The SSN considers it essential that stable economic conditions be created for the press, radio, and television. A system of support, which is quite common in democratic countries, must be established where necessary for the democratic and pluralistic operation of the media. The SSN regards as optimal a combination of indirect and direct support.

Parties Present Views on Basic Tasks

Second Installment in Election Series

AU0605122494 Budapest NEPSZABADSAG in Hungarian 5 May 94 p 9

[Second of three in a series of unattributed reports: "Self-Portrait of Party Programs 2."]

[Text] To make our readers' job easier in making a decision, our editorial staff has put a set of question to the parties that were able to set up national lists. Our questions:

1. What are the three major political, economic, social, or welfare tasks facing the governing forces in the next four years, tasks that your party accepts and will give preference to even at the cost of other problems?

2. What are the three larger-than-average economic, political, social, or moral burdens facing the society or some strata of the society in the next four years, burdens connected with or independent of the aforementioned tasks that you do not accept or accept only partially, and which you force into the background compared with other similar problems?

Christian Democratic People's Party [KDNP]

1. Out of the next four years' most important welfare measures, developing the state support for child rearing has a major importance. To a large extent, even now, it is the task of family help centers to support the families. The development of this network is justified. In addition to this, the financial transfers in society—the tax system, social security, and welfare benefits—have to be formed in such a way as to make it clear for everyone that society does not only emphasize the importance of families in words. The tax system will also have to be changed: During the four years of government, it has to be achieved that only the freely disposable income is taxed. For single parents, a fair possibility has to be guaranteed to reduce their tax basis. We wish to develop the tax system in a direction that will take the number of dependents into consideration. We have to develop further the institute of full-time maternity.

In the area of the economy, one of our main goals is to establish a financial and tax environment that fosters economic growth. Of the main tools of market stimulation, we think it necessary to change some important elements of the tax and duty systems in the interest of a more proportionate sharing of taxes and economic development. It is also necessary to reexamine the product structure of the general trade tax to improve the situation of the poorer groups in society. Parallel with the beginning of economic growth, we consider reducing the upper tax limit to stimulate the demand and to protect the domestic producers' interests to be justified. We suggest the abolition of the minimum tax. We only accept the temporary maintenance of the source tax if the budget uses it for development and investment purposes.

Economic development is impossible without cultural development. The KDNP wishes to implement a pluralistic cultural policy, we wish to support programs, rather than institutions. Our goal is to establish the dual system of support for culture that exists in Western Europe: a state and economic sponsorship structure.

2. According to the KDNP's economic policy, our task is to make increased incomes possible while maintaining the balance (without significantly increasing inflation, the budget deficit, or the balance of payments deficit) that:

—on the supply side, stimulates investments by enterprises directly from their own incomes and indirectly through using the population's savings;

—on the demand side, creates an effective demand that does not induce inflationary pressure or increased imports of consumer goods.

Due to balance problems, this increased income can only be implemented:

—if we accept a temporary deficit of the budget and payment balance,

—and if we use a very carefully designed, selective, and targeted tax system, budget reform, and credit policy.

If our program is implemented, the increase of consumer prices cannot exceed 14 to 16 percent.

However, in the interest of market stimulation, we cannot make it our goal to reach one-digit inflation in such a short time. In accordance with this, and in the interest of social peace, in the medium term, we can only expect that the budget deficit in proportion to the gross domestic product [GDP] will not decrease, or only to a very small extent.

Liberal Civic Alliance Entrepreneurs' Party

1. For three years, since we accepted the program called "Bourgeois Transformation," our party's goals have not changed: competitive market economy, socially solidary society, and two- chamber parliament. We want to replace the state-centered economic policy with a "streamlined" economic policy. Economic stabilization is impossible without capital investment, which in turn needs a predictable economic environment and lasting laws. The reform of state finances cannot be delayed any further, tax payers can only finance the truly necessary tasks rather than budget labels without any function. Instead of self-interested and bureaucratic state privatization, we give preference to a privatization strategy based on public consensus with the involvement of the interest representations bodies. It is impossible to protect the domestic industry and trade without suppressing

the black economy. We must guarantee price security for the agricultural producers through changing the subsidy and taxation systems.

The state, the local governments, the employers, and the employees have to make a new social pact. Out of the ways of handling unemployment in accordance with the local circumstances, investments from privatization revenue, tax allowances given to enterprises launched in crisis regions, and leaving the greater part of personal income tax with the local governments are important measures. We can handle the regional differences of unemployment through small-area crisis management programs. It is enterprises that can mostly create new workplaces.

We need a new constitution and a two-chamber parliament. Politics that unites and balances the interests is the only viable way for the future, for modernization.

2. We do not wish to spend too much energy on debtor, credit, and bank consolidation because this method will not reach the desired results without creating certain guarantees. The primary task to be solved would be bank privatization. Naturally, to achieve this, stabilization is necessary, even through the method of bank consolidation, however, if this is not concomitant with privatization then the capital pumped into the banks has to be seen as money down the drain.

Unemployment is a burning and tense problem. At the same time, the huge body of unemployed can be divided into two, well- distinguishable groups. One consists of truly unemployed people while the other group abuses the possibilities provided by the legal system and is possibly an active participant in the black economy. We only wish to deal with the latter group when we make it impossible for them to remain on benefits because their equal treatment with the truly unemployed people evokes serious moral aversions, and our shaky economy cannot support the burdens, either. We do not wish to deal with the issue of further compensations in the future, we respect the already existing compensations but do not support new ones.

Hungarian Democratic Forum [MDF]

1-2. Politics is an art of compromises. Rather than the politicians and political parties having to make compromises with each other, this means that balance has to be found and maintained between society's needs and values. Only the extreme and radical parties would annihilate or suppress all other values or interests for the sake of one particular value or interest. In the past four years, the government led by the MDF has shown that it is possible to maintain stability, namely to establish a balance extending to the whole society between the interests and goals, even under extremely difficult circumstances. We did not implement the shock therapy that had been recommended by other parties and some experts, however, we did not continue the peaceful inaction and dilapidation that had characterized the previous regime. We can promise this balanced policy for the next four years, too. We act, but with moderation, without endangering people's lives and material security with experimentations and short-term solutions.

The most important values and the price to be paid for them:

—The preservation of social security in the growth period, too. The framework of the social market economy has been established, the economy has entered a growth period. In legislation and in the state's activities we have to concentrate on patching up the welfare net, we have to achieve that none of the needy people are left without any support. We would mainly like to improve the situation of pensioners and young people; the latter group is especially important because the burdens of setting up a family and rearing children also rest on the younger generations.

It is possible that the probably very fast growth will not reach its maximum speed because of the resources spent on social security, but we are convinced that, this way, the growth will have a better foundation and this is profitable in the long run.

—The state has to promote economic growth. Economic growth is vitally important for the country, because living standards have not improved in the last 15 years. An improvement can only be achieved through growth.

According to the experience of economic history, growth is always concomitant with minor budget imbalances, the same way as an enterprises is also forced to take on loans if it wants to invest and expand. However, enterprises that are worried about taking on loans and therefore do not develop, will certainly go bankrupt, because the old saying about capitalism that states that you have to run to stand still is true. (In other words, one has to develop even just to maintain the current situation, because the competitors are also developing).

We have to make our contacts with Western Europe tighter in all areas. There is only one solution to our economic development and security situation: To return to Europe. To join the European Union [EU] and NATO. Many things might still happen to the east and south of us. It matters a lot what kind of government a country has at the time of a possible radical change and whether it has international security and economic defenses. Neutrality would expose the country to a possible radical nationalist or communist danger.

Returning to Europe also requires sacrifices. We cannot conduct a protectionist policy, we cannot introduce customs duties as we wish, because, if we did, our Western partners would do the same to keep out Hungarian goods. We succeeded in that Hungary will open its markets to the European Union later than the European Union to Hungary.

Hungarian Socialist Party

1. The most important task is to achieve that society's best forces cooperate with each other in the interest of solving the country's problems and reducing the divisions in society. A new social agreement has to be established between the employers, the trade unions, the interest representation bodies of employees, the civic organizations, and the government that will guarantee peace in the country. The decision-making system has to be changed in such a way as to make it possible to learn about a broad range of views and to create a consensus.

The decline of the economy has to be stopped, the deterioration of the balance and the increase of indebtedness have to be curbed, the development of the Hungarian economy has to be put on a modernization course that will establish the conditions for lasting economic growth. In the interest of this, we have to implement the reform of the state finances, we have to complete bank consolidation, and we have to put agriculture back on its feet. The state has to take an organizing role in recapturing the eastern markets and in developing the infrastructure.

In the interest of the economy's sound development, privatization has to be placed on a new footing in which longer-term economic considerations, and leaders and employees interested in the future of the enterprise, would receive a more prominent role instead of the current bureaucratic control.

In the interest of ensuring the country's external peace, we consider a balanced foreign policy necessary. In addition to getting closer to the European Union, we strive for balanced and good relations with all our neighbors, and for strengthening these relations. Our solidarity for the Hungarians living beyond the borders is part of our solidarity for the Hungarian nation and, at the same time, it is part of a future European system of protecting national minorities.

2. In the next four years, although we will do everything sensible we can to achieve them, we can already now see that we will only be able to achieve partial results on some points of our program.

—Unemployment cannot be ended because we are still to face the problems related to the structural change, however, there is a realistic chance to reduce it.

—The burdens of debt servicing will not be reduced because another peak of debts was created in the past four years, however, if we manage to improve our economy's ability to compete and its export performance, then the burdens will be better shared through the bigger turnover.

—Inflation cannot be reduced to a single-digit figure due to the delay in the reform of state administration and the again wide agrarian price gap, but inflationary pressures can be avoided and inflation can be pushed down to around 15 percent.

Social Democratic Party of Hungary [MSZDP]

Welfare care should provide a safe point for everyone who happens to be swept too far from the will of society through no fault of their own. The support and welfare system should be based on needs and the task is to draw this up and to implement it. In other words, the various provisions have to be separated (a hospital is not an old people's home), the support has to be targeted to the individual (rather than the family or the school or institution, it should be the person in need who receives the support and the right to dispose of it), the goal should be prevention and preparation for adjustment, and welfare care should be made part of the small communities.

To change the social system, the current centralized and redistributive system of collecting the social revenue has to be broken down again. Changing the system of state finances is the first step. In the framework of this, we can implement the following: Lessening the centralization of tax revenue and its spending, separating the state finances from the budget, placing the government and the state-owned organizations under the rules of the private sphere—rather than the state's power—thus separating and requalifying them from the "tool of executive power" to the rank of participants on the market. We also have to thoroughly simplify the production and the collection system of incomes from taxes, duties, and of fiscal sources.

In the course of reconstructing our society and the economy, the guiding principle is our linking to the European practice on an equal basis, in which the major task is to establish the institutional, group, and personal requirements of cooperation.

The basic conflict lies between modernization and its rejection (conservation, return to the feudal estate), and this creates counter-movements that are even noticeable on a political level (yearning for the past, and so on).

The structural change and the ensuing work mobility are not two different sides of the challenge of modernization, rather, they are the same phenomenon, and they only appear to be separate from the work's and the employee's point of view. In our position, it is obvious that the tasks we undertake should be adjusted to the market requirements rather than to our old abilities. However, this is only a matter of priorities rather than of bearing the burdens. [sentence as published]

2. In the interest of what has been said above, and in accordance with our priority system, we do not support, for example, the actions that are being conducted now and for whose maintenance there is much pressure. One such area is financing the deficit—which resulted from the unsuitability and inability shown in solving the problem of international cooperation and foreign markets—through convertible (or domestic) debts. Another is the budget support—"consolidation"—of losses and indebtedness of banks and large enterprises that resulted from unprofessional (state) management and private control. Finally, another such area is the diversion of

tensions arising from the unresolved nature of social and interest coordination problems, state spending, and the unchanged distribution system to a political level.

This is the subject and goal of a possible social contract, rather than the polishing of the representative and declaration system and statutes of various "forums." [sentence as published] Because this only creates the possibility for covering up the lack of social peace, rather than creating the road for social peace.

We do not accept the moral burden of the repetitious mentioning of outdated ideas in politics, the promising of false stability in the economy, the beautifying "powdering" in the social situation, the cherishing of illusions (third road, separatist showing of being Hungarian, or rejection of world standards) and, all in all, provincialism and its twin sister, populism, with its superficiality, aggressiveness, and shunning of responsibility and tasks. The MSZDP will undertake to establish solidarity, justice, and equality of opportunity.

Third Installment in Election Series

AU0705203494 Budapest NEPSZABADSAG in Hungarian 6 May 94 p 17

[Third in a series of three unattributed articles: "The Image of Party Programs 3."]

[Text] To make our readers' job easier in making a decision, our editorial staff has put a set of questions to the parties that were able to set up national lists. Our questions:

1. What are the three major political, economic, social, or welfare tasks facing the governing forces in the next four years, tasks that your party accepts and will give preference to even at the cost of other problems?

2. What are the three larger-than-average economic, political, social, or moral burdens facing society or some strata of society in the next four years, burdens connected with or independent of the aforementioned tasks that you do not accept or accept only partially, and which you force into the background compared with other similar problems?

National Democratic Federation [NDSZ]

1-2. The NDSZ's economic policy is based on a fundamentally different assessment of the situation, economic philosophy, and value system than that of the liberal (or in other words, neo-conservative) economists and the parties influenced by them. Therefore, its questions and answers are also different from the currently widespread liberal logic. In our view, rather than the fact that we previously had a socialist system in Hungary, the basic problem is that the driving forces of extensive growth that uses an increasing amount of raw materials and energy have been exhausted in the developed countries (both in the West and the East), and from a consumer society, the (developed part of the) world is entering a sustaining society that also takes the requirements of environmental protection into consideration. This transition goes with major economic commotions, and the withdrawal of resources from the developing and former socialist countries (including Hungary) through international credit links is part of this process. Therefore, for Hungary and for other former socialist countries, the establishment of some kind of a capitalist system similar to 18th century England cannot bring a solution. Instead, we have to find the economic mechanism and social structure that correspond to our national circumstances and traditions, and which meet the requirements of the 21st century. As part of this, the NDSZ:

a. Wishes to break with the liberal politics that exposes Hungary's markets to the significantly more developed multinational companies, and it offers a policy of selective market protection against it;

b. It also wishes to break with the liberal principle that wishes to counteract the inflationary pressure of free prices with high interest rates. Instead, the NDSZ advocates a tight price control of basic consumer goods and raw materials, to reduce inflation this way;

c. The above two changes make it possible to reduce the interest rates, and to replace the restrictive financial policy typical of the past few years with a policy of economic stimulation.

2. Through its above economic policy, the NDSZ mainly wishes to alleviate the burdens affecting the broad masses of people and to improve their position. In the interest of this, it pays less attention to satisfying the needs of rich people. For us, it is more important that the average citizen be able to receive affordable and satisfactory quality goods, say, within a Central and East European cooperation, than to have all products of the world for sale (for those, of course, who have the money for them). For us, the just distribution of the national assets is more important than the increase of the proportion of private property at all costs. We do not believe the tale that can only imagine a country's economic prosperity on the basis of selfish private interests, accompanied by corruption. We do not believe that private assets are more efficient than anything else; for us, all forms of property are equal in rank. We do not believe that, for the country's economic prosperity, we first have to establish an immensely rich private owner social strata, and we accept all the tensions arising from the fact that our views are contrary to the now popular liberal, or in other words, neo-conservative, views.

Hungarian Justice and Life Party [MIEP]

1. The reduction of people's burdens and, at the same time, reducing the parasite elite to obedience;

—the establishment of equality of opportunity applying to the whole life;

—climbing out of the debt trap.

2. We pay less attention to those unemployed people who do not wish to work; however, we do all we can for those who do want to work;

—we do not cry for the III/III department members dismissed from the Radio;

—we are indifferent to the fate of the workers' militia and leather jackets [members of plainclothes police in the 1950's].

Green Party of Hungary

1-2. The most important political tasks:

The suppression of the extreme liberal political trends in Hungary in the interest of preventing the further proliferation of fascist and racist strife. Deceiving the domestic ethnic and national minorities with their political manifestations and hypocrisy, and with the help of their instigator organizations and provocations, they try to implant in them the feeling of defenselessness, being persecuted, and being in a disadvantageous position.

Due to being organized on a racial basis, they already now create antagonistic feelings in citizens, which will continue to increase in the future because of their unlimited greed for power, and this can lead to conflicts. As they have control over some of the media, we have to conduct enlightening propaganda to prevent their deception.

We strive for a neutral position, and want to withdraw the request for NATO membership. We had enough of foreign dependence. After the Soviet Union, the military forces of Western Europe would occupy our country. We would be a deployment area, and a buffer zone between the West and the East. We would again be the losers. Together with Switzerland and Austria, we could very well exist as a third small neutral country. Whatever conflicts we might have, NATO would not defend us anyway, it is not in its interest, because we do not have oil wells like Kuwait which was a U.S. interest. NATO has many times shown its "inability" to act in the case of conflicts outside its sphere of interest. Instead, we should strive for good-neighborly relations with the neighboring countries, and with Russia mainly, we should establish total conciliation and cooperation because it will soon have a determining role in Europe.

Workers' Party

1. A correct analysis of the situation is a decisive condition of socially acceptable politics and of good governmental economic policy. In addition to the inherited difficulties and the world economic situation, the economic policy of the past four years was the decisive factor in the deterioration of the economic situation. The forced establishment of the economic and social bases of capitalist transformation did not result in an increased economic productivity. Today, the Hungarian economy is in a worse situation than in 1989-1990. All this has serious social consequences: 1 million unemployed people, the deteriorating status of whole social groups, and mass impoverishment.

The political institutions do not reflect society's real interest conditions. Today, a sicker economy and sharper conflicts are the main characteristics of the crisis.

According to the Workers' Party, two remedies will have to be applied together. On one hand, we need a new economic policy. On the other, through important political changes, we have to release the economy from the confines of the forced politics of the change of the regime.

The country's situation can be significantly improved in four to five years. Our economic policy is based on three pillars.

Instead of the current restrictive politics, we want development, more investments, higher consumption, lower interest rates, smaller and predictable taxes, and more workplaces. Secondly, we want an economic environment that is based on the equality of opportunity of the various forms of ownership. Thirdly, the state has to take on an active role in the economy, in ownership, in defining the main proportions, and in financing some strategic areas.

We believe that the points of breakthrough in the next period can be created by establishing some leading branches in the economy. We want to develop the construction industry through a large-scale program to build 70-80,000 flats. With a more favorable economic policy, the light industries would be suitable for creating many new workplaces. In our view, the development of telecommunications and road building are important leading branches of industry. We need a state concept to lay the basis of some industries' future development, for example food industry and engineering.

The area of human investments is another explicitly important area from the economic and social points of view. Financing education means financing the future. It is impermissible to exclude whole social strata from acquiring modern education. With a disheveled health system, Hungarian people will not just have less knowledge to enter the 21st century than their colleagues in Western Europe, they will also have a worse state of health and less stamina. Therefore, in our view, it is essential to ensure free medical provision as a basic right of citizens. Among the welfare measures, we consider it important to keep the current age limits of retirement, and that guarantees should protect the value of pensions against inflation. It is very important from an economic and political point of view for the new parliament to change the law on housing.

The Workers' Party believes that only a policy adjusted to the needs, or at least to the tolerance level, of the workers who make up the majority of society is able to

fight the serious and contradictory factors of the crisis. We cannot demand society's various segments to confront each other.

With an active use of the current points of breakthrough, unemployment can be reduced to below 5 percent in five to six years' time, and inflation below 10 percent. We cannot continue the forced consolidation of the capitalist conditions and the governmental policy to expand it. Therefore, in the view of the Workers' Party, it is harmful to force privatization at all costs, without a concept of ownership. The current privatization has to be stopped. It is more important to operate the existing mixed economy efficiently. Any kind of privatization should only be done with social control and the workers' participation.

In our view, it is a basic requirement to end the policy against agriculture and the cooperatives. Security has to be established in land ownership, production, and selling. Compensation has to be ended. It is impossible to build economic solutions on the basis of moral categories.

It is important to rid ourselves of our illusions as regards Western Europe. Social security can only be based on an economic development that leads to a breakthrough. Naturally, to achieve this, we need resources. In addition to creating a supportive tax and credit system, we must significantly reduce the state expenditure and stop bureaucratic overspending. At the same time, we have to agree with the West that if it does not want the Hungarian economy to collapse and a domestic political explosion to ensue then they should cancel some of our $24 billion debts or the repayment of the interest.

In the view of the Workers' Party, overcoming the crisis requires fundamental political changes. We support a social agreement or pact. However, this cannot be restricted to the negotiations of the employee organizations, employers, and government. A feasible social pact can only be based on a parliament that expresses society's multifold interests and asserts them through the laws.

Alliance of Free Democrats [SZDSZ]

1. The SZDSZ emphasizes three main tasks of economic and social policy. The first one is establishing the conditions for economic growth. Economic growth is not a matter of decision—when the necessary conditions were missing, forced growth created difficult situations on many occasions—it requires the establishment of various defined conditions.

The new government has to establish an atmosphere of stability and predictability by forming the conditions for clear-cut economic conditions. The increase of the budget deficit can be stopped and inflation can be curbed through a cheap state, namely by ruthlessly reducing public expenditure. An overall social agreement can protect employers from unpredictable wage demands and employees and pensioners from their income losing value. Reduced taxes and allowances on company tax and wage costs can stimulate the enterprises and the establishment of new workplaces. The stabilization of the bank system and the establishment of new money market institutions can improve the entrepreneurs' conditions to have access to more capital. The acceleration of privatization contributes to an early consolidation of the decaying large enterprises. A fast settlement of the land ownership will create stable conditions for farming and agriculture.

Continuing the Hungarian economy's international integration is another major goal of economic policy. Export orientation, foreign economic opening, and an increasing presence of foreign capital are the keys to economic success throughout the world. This is the way we can have access to the indispensable additional capital, the way modern technology can become widespread in our economy, and the way Hungarian enterprises can acquire markets. We have to accept the costs of this, namely the discontinuation of uncompetitive domestic enterprises and product cultures.

Preventing the division of society is the third priority. Certain elementary social guarantees have to be ensured for everyone. Therefore, compulsory health insurance has to be maintained so that all citizens can have access to health care. Basically, the system of family supplement also has to be maintained, a mininum basic pension has to be ensured for everyone, and we have to ensure that the increase of pensions does not lag behind the wage increases.

2. Economic change and the stimulation of enterprises make it unavoidable for the differentiation of incomes which is unusual in Hungary to be maintained in the coming years. The unfavorable effects of this have to be reduced by welfare guarantees but cannot completely be eliminated. Economic considerations demand that, in the course of privatization, people who can contribute to restoring the former state properties with their own capital and management expertise should first become proprietors. However, this inevitably leads to a smaller segment of society becoming owners and to significant differences arising in assets.

The economic crisis, the assertion of the rights of freedom, and the opening of the borders together caused the sudden increase of the crime rate. We know that totalitarian dictatorships normally have better public order than free countries. However, rather than reinstating the total control of a police state or closing the borders, we wish to act against this by strengthening the police force, defending the injured parties, and modernizing the prison conditions. It has to be seen that public order and security can only be improved gradually; this is the cost of freedom.

Something else the SZDSZ government will not solve in the coming four years: It will not place all those people who have in recent years been building the SZDSZ's organizations into well-paid positions or supervisory

committees, thus making them satisfied. In personnel decision, we consider expertise and management skills as guidelines rather than party membership. Not all honest and brave Free Democrat activists are experts of banking or theater life.

Goncz Addresses Nation on Eve of Elections

LD0605212394 Budapest Kossuth Radio Network in Hungarian 1800 GMT 6 May 94

[Text] President Arpad Goncz advises that on 8 May, voting citizens should compare their experiences of the past four years with the promises heard during the campaign, and that they should then vote on this basis. According to the head of state, when deciding about the individual candidates, what voters must weigh up is whether they have served well the interests of their immediate communities and whether their private lives are in order.

The president of the Republic, in his speech on radio tonight, thought it important to stress that no one can question the voters' choice of party.

Arpad Goncz hopes that as a result of the elections, a government will be formed which enjoys the trust of the majority of citizens, but which also takes minority opinions into consideration, one that fosters the national traditions and that is ready for interest coordination and one that strives for social justice.

The head of state affirmed that for his part he will do everything in order that Hungary should have a parliament that is ready to serve and a government that observes freedom, the well-being and prosperity of every person, as well as the vital interests of all Hungarians.

Election Results, Reactions Reported

Partial Turnout Figures Reported

LD0805174294 Budapest Kossuth Radio Network in Hungarian 1700 GMT 8 May 94

[Text] Following the first round of the parliamentary elections, the polling stations are now being closed. It is certain that the round of voting was valid because Zoltan Toth, head of the national election office, said more than half of the electorate had turned out to vote.

In the meantime, partial turnout figures for the evening have come in from 12 counties. According to these, the turnout in Baranya is 65 percent; in Bekes 66 percent; in Fejer 67 percent; in Gyoer-Moson-Sopron 73 percent; in Hajdu-Bihar 62 percent; in Heves 70 percent; in Jasz-Nagykun-Szolnok 66 percent; in Nograd 68 percent; in Komarom-Esztergom 68 percent; in Tolna 63 percent; in Vas 72 percent, and in Veszprem 78 percent. Arpad Toth, expert from the national election office, in reply to a question from Hungarian Radio, said that there had been no reports of irregularities. However, there had been some reports from voters about a breach of the campaign ban. People had phoned in with objections to the fact that pollsters had questioned voters lining up to cast their vote, although those commissioned to make enquiries should have done so only in private.

The national election office also heard that a Fidesz [Federation of Young Democrats] advertisement had appeared in the television supplement of today's issue of the paper MAI NAP, during the period of the campaign ban. The voters had also objected to the fact that Gyoergy Szabad, outgoing speaker of the National Assembly and leading figure of the MDF [Hungarian Democratic Forum], had spoken on television, even if in the capacity of a historian.

KDNP Chairman Views Election Results

LD0805204694 Budapest Kossuth Radio Network in Hungarian 1945 GMT 8 May 94

[Excerpts] [Announcer] Let us hear Levente Suekoesd's report from the headquarters of the Christian Democratic People's Party [KDNP].

[Suekoesd] Good evening. The atmosphere is quiet and calm here. [passage omitted] The party's chairman, who has just arrived, is not in a very good mood. What do you think of the results so far?

[KDNP Chairman Laszlo Surjan] I think that many people are surprised by the partial results indicating an absolute lead by the MSZP [Hungarian Socialist Party]. According to our analysis, the MSZP's program and its present leadership does not justify this result at all. However, nostalgia—wanting to bring back the calm of the 70's and the 80's—can explain this. I think that those who have chosen the Socialists from the current political forces for this reason are mistaken. [passage omitted]

[Suekoesd] Where did your party do well, in the larger towns or in the provinces?

[Surjan] In my view, it is unequivocal that our party's strength lies in the smaller towns and villages. The party was not strong in Budapest even in the 40's and it seems that this is the same in the 90's too. All this means that we have to deal with strengthening and building the party before the local government elections.

[Suekoesd] What can the second round bring?

[Surjan] The second round could bring extremely significant changes. [passage omitted] Although it is true that in 1990 those leading after the first round kept their lead, this is not necessarily true. I think that the next three weeks will be spent trying to concentrate the forces in a way that a left-wing turnabout, which does not lead forward but back to the past, be held back or prevented.

MSZP Official on 'Free Elections'

LD0805213094 Budapest Kossuth Radio Network in Hungarian 2000 GMT 8 May 94

[Text] Imre Szekeres, executive deputy chairman of the Hungarian Socialist Party [MSZP], which, according to

the results so far, is in the lead, evaluated the first round of the elections at party headquarters in Republic Square.

[Begin Szekeres recording] Something important has happened today in Hungary. At the second free elections, finally, and once and for all, Hungary has became a democratic country. Very many citizens, much more than expected, have participated in the elections and no significant irregularity occurred today. Whatever the result of the elections, the point is that this decision has been made: Hungary, once and for all, became a democratic country.

The MSZP hopes that when the ballot boxes are opened and the votes counted, it will be the MSZP with the largest number of votes. We hope that in the next three weeks the style and content of the election campaign will change. We decided to maintain the style, political content, and ideology that have been represented by the MSZP candidates in the past weeks. This is a calm and moderate political style dealing with the problems of society and seeking professional solutions. We would like for Hungary, after the second round of elections on 29 May, to have a politically moderate and viable government. [end recording]

Goncz Cited on Next Stage of Vote

LD0805215794 Budapest Duna TV in Hungarian 2055 GMT 8 May 94

[Excerpts] A few minutes ago President Arpad Goncz gave a statement to Hungarian Television. Here is our recording of it.

[Begin Goncz recording] [passage omitted] I am very glad that the election has taken place so smoothly, I almost dare to say, in a cheerful manner. [passage omitted] I am very glad that the voters' participation in terms of the national average has been so high. This matches the best European standards. So the anxiety that Hungary has become apathetic and that Hungary has lost interest in its own fate has proved groundless. [passage omitted]

I will probably await the outcome of the next round of the elections with greater excitement. [passage omitted] If there is anything I can ask from the country and the parties, it is that after all this they should not turn sour the beauty and smoothness of this with a negative campaign or by mud-slinging or with anything else. I do not believe that the essence could be changed, it would only leave a bitter taste in our mouth, in the mouth of the Hungarian electorate—and there is no need for that whatsoever. [end recording]

Szekeres on 'Irreversible' Democracy

LD0805231294 Budapest Duna TV in Hungarian 2110 GMT 8 May 94

[Excerpts] You will now hear Imre Szekeres, executive deputy chairman of the Hungarian Socialist Party [MSZP].

[Begin recording] [Szekeres] [passage omitted] The high turnout and the fact that, practically speaking, nothing has disturbed the elections—apart from minor irregularities—mean that democracy is irreversible in Hungary and this is the most important thing. [passage omitted]

[Unidentified correspondent] What do you say regarding the anxiety, which was expressed before the elections already, that in case of an MSZP success, the country would be threatened by a kind of reversal?

[Szekeres] I think that such reversal is not threatening the country, no matter which party wins; nobody in this country wants a reversal, neither the electorate nor any democratic political party. No reversal whatsoever is threatening because the MSZP's political and expert program looks forward and seeks solutions to the country's tasks. [passage omitted]

[Correspondent] It was also said prior to the elections that should an MSZP government be formed in Hungary, a change of personnel would take place in public administration.

[Szekeres] I think that such reports are groundless. Whoever should make up the next government—the MSZP would also be a member—he should be very careful that the public employees and the civil servants who carry out their work independent of political parties should not depend on a change of government. The practice that experts are changed every four years, after elections, should be changed. [passage omitted]

[Correspondent] Do you consider a certain kind of coalition with the SZDSZ [Alliance of Free Democrats] necessary after the second round?

[Szekeres] In my view, according to our original stance, we will only decide about starting coalition negotiations after the second round of the elections. We want to wait for the results of the elections. It should come to light how many people support the MSZP's program and how many support other parties so negotiations for forming a government can be started afterward, that is if the president of the republic will ask the MSZP to do this.

Our stance is that we can cooperate with parties whose program is close to that of the MSZP. I consider the Alliance of Free Democrats such a party and also the Fidesz [Federation of Young Democrats]. [end recording]

Fidesz Chairman 'Willing' To Resign

LD0905010694 Budapest Kossuth Radio Network in Hungarian 0000 GMT 9 May 94

[Text] Viktor Orban, chairman of the Federation of Young Democrats [Fidesz], has announced that he is willing to give up his mandate as party chairman but will remain in his post if the Young Democrats' congress asks him to do so. Fidesz, which according to the most recent data is the last—sixth, with scarcely more than 7 percent of the votes—of the parties to get into parliament, will

make a decision at a session of the presidium tomorrow about the convening and date of this extraordinary meeting.

Viktor Orban said that as long as he is chairman of Fidesz his party would certainly not enter into a coalition with the Hungarian Socialist Party, which received the most votes. According to Orban, the country has voted for a radical change; Fidesz, however, wanted only a partial turnabout, and this is probably why it performed more poorly than expected.

Orban Not Planning To Resign

LD0905122894 Budapest Kossuth Radio Network in Hungarian 1000 GMT 9 May 94

[Text] Viktor Orban [chairman of the Federation of Young Democrats—Fidesz] has been misunderstood; he does not want to resign. Katalin Horvath reports:

[Horvath] The country does not want what the Fidesz wants. Probably we could not explain well enough and could not convince people of the ideas of the Fidesz. This was the cause of our poor performance, said Fidesz Chairman Viktor Orban.

As a matter of fact, the Hungarian election result resembles a Polish scenario. It means that the government party could not cope with the economy and people cast their votes for the party which ruled before 1990. The Fidesz has been working for one and a half years to prevent this—unfortunately, without success.

The Fidesz will continue to be in opposition. If necessary, in the second round, Fidesz candidates will step back in favor of the Alliance of Free Democrats. By doing so at least the Hungarian Socialist Party's advantage can be reduced even though it cannot be changed, Viktor Orban said.

Speaking about his chairmanship, he merely said that his statement of last night had been misunderstood. He is not even thinking of resigning. The party congress will decide on his chairmanship.

Horn Evaluates Election Success

LD0905031694 Budapest Duna TV in Hungarian 0040 GMT 9 May 94

[Excerpts] Gyula Horn, chairman of the Hungarian Socialist Party [MSZP], who was in a serious car accident on Thursday evening, is being treated in a hospital in Miskolc in northern Hungary. The party chairman had not yet gone to bed after midnight because of the election excitement, and our correspondent managed to interview him on the telephone.

[Begin recording] [Correspondent] Good evening, Mr. Chairman.

[Horn] Good evening. [passage omitted]

[Correspondent] How satisfied are you with the election results?

[Horn] I am very satisfied. They are very good and exceed expectations; at least they exceed what I had seen and heard to date. So I am pleased that we did not work in vain.

[Correspondent] The political analysts are considering to what the success can be attributed. Two alternatives have emerged. The first is that with very calm, very restrained political activity, the party, which four years ago ended up in the depths, was able to get back to its feet. Do you agree?

[Horn] I naturally agree with that. However, those who are evaluating us should recognize that this meant very hard work for us.

[Correspondent] According to the other opinion, four years ago the people voted against something. Now, however, after they have experienced the feeling of freedom and independence, they are turning to social issues.

[Horn] That is not how I judge it. Of course, the question at hand also involves the significance of social issues, but economic policy is at least as important. So is the sorting out of relations with the neighboring countries, as is the European political culture which the Socialist Party has represented to date. Finally, let me add: We did not express hatred toward anyone, nor did we want to (?exclude) anyone. We also (?said) that no matter how sharp the differences of view were, it was necessary to seek the possibility of normal relations.

[Correspondent] We have spoken with a correspondent from French television's second channel, and he said that this sweeping victory, this confident victory, that the MSZP achieved would be convincing for the West as well.

[Horn] I had no doubts that the West had confidence in the Socialist Party. Indeed, allow me to add: More than one Western statesman, big financial experts, and entrepreneurs said that if the MSZP came to power two things would be certain. One was that it would form a government using people with expertise. The other was that its policy would be predictable. I believe that the West can be pleased with these election results.

[Correspondent] Very many people are saying now, mainly those who have been in government positions until now, that they hope the reforms that have been started will not come to a halt.

[Horn] They should have no doubts. It is completely certain that reform and transformation will continue. The essence here is that we must set ourselves to the task more cleverly in many areas. It is always necessary to consider that this country in many respects is taking the road not taken. Many things must be tried out.

But one thing must never be forgotten: It is not the people who are the guinea pigs. It is necessary to work in a manner so that the people live better and can secure a normal life for themselves and their children. I apologize for my voice, but it is still not 100 percent after the operation.

[Correspondent] A final question. We now can ask, very quietly, whether the chairman of the victorious party could gain the position of prime minister based on the results of the election.

[Horn] In the final analysis, the question of whether or not I will be prime minister will be decided by the MSZP. I have never been intimidated by the job, but I have never considered this to be the primary concern. The important thing, rather, is for this party to be able to realize a program covering economic, social, and all other areas, one which takes reality as its point of departure, one which is in harmony with the interests of society and the great majority of the people.

[Correspondent] Many thanks for the conversation and I wish you a speedy recovery. [end recording]

Party Leaders on Possible Cooperation

LD0905022894 Budapest Kossuth Radio Network in Hungarian 0100 GMT 9 May 94

[Text] The Hungarian Socialist Party [MSZP], which was victorious in the first round of the elections, maintains the right to decide who is to be prime minister, Zoltan Gal, head of the MSZP deputies in the previous parliament, has said. He added that the MSZP would not begin coalition talks before the second round.

MSZP Executive Deputy Chairman Imre Szekeres said that every election alliance collapsed after the first round and that the liberal bloc accord did not endanger the efforts of the Socialists to find a coalition partner.

The same view was expressed by MSZP Chairman Gyula Horn, who is recovering in the hospital and who said his health was better now than during the past days.

Gabor Kuncze, member of the Alliance of Free Democrats [SZDSZ] and candidate for prime minister, said that the SZDSZ had a chance in the second round to halt the sweeping victory of the Socialists and to prevent the continuation of a covert one party system in Hungary. The SZDSZ's candidate for premier did not reply to the question of whether they were willing to form a coalition with the Socialists, but he immediately added that the MSZP would certainly be unable to form a government alone. Gabor Kuncze expressed the hope that the individual constituency candidates of the Federation of Young Democrats and the Agrarian Alliance would withdraw their candidacies in favor of the SZDSZ in the second round.

MIEP Leader Sees SZDSZ Victory

LD0905040494 Budapest Kossuth Radio Network in Hungarian 0115 GMT 9 May 94

[Interview with Istvan Csurka, cochairman of the Hungarian Justice and Life Party, by correspondent Peter Obersovszky; date and place not given—recorded]

[Text] [Obersovszky] In light of the figures, can you imagine a demonstration like the one you spoke about shortly before the elections? You spoke about 100,000 people and that the pronation parties, political groupings, and people ought to demonstrate that they did not want a left-wing victory.

[Csurka] This is the third time I have been asked a question like this this evening, as if there were a secret service here wanting to know what I am planning, and whether I am taking the Hungarian people to the streets. That is not my intention. I know what we must do. We must organize anew the Hungarian Way and the Hungarian Justice and Life Party [MIEP] on a professional basis. We have not had the money or financial resources for this so far. It will become clear now upon whom we can count.

Do not expect me to tell the Alliance of Free Democrats [SZDSZ], which has really come to power, what I plan. What I will say is that this victory is not the victory of the Hungarian Socialist Party, but the victory of the SZDSZ, because this government will be directed by the SZDSZ and it will function in accordance with the interests stipulated by the foreign supporters of the SZDSZ.

'Unofficial Final Results' Reported

LD0905024194 Budapest Kossuth Radio Network in Hungarian 0200 GMT 9 May 94

[Text] As it was four years ago, Hungary will again have a parliament with six parties, and it will include the same parties as in 1990. However, their positions of power will be considerably different.

According to the unofficial final results of the first round in the parliamentary elections, the Hungarian Socialist Party is in first place with 32.4 percent of the votes; the Alliance of Free Democrats is second with 19.4 percent; the Hungarian Democratic Forum is in third place with 12 percent of the votes, followed by the Independent Smallholders Party with 8.5 percent. The Federation of Young Democrats ended up in fifth place with 7.4 percent. The Christian Democratic People's Party obtained (?7.3) percent of the votes.

The other nine parties fielding national lists did not achieve the 5 percent necessary to enter parliament.

SZDSZ's Kuncze Interviewed

LD0905121594 Budapest Kossuth Radio Network in Hungarian 0445 GMT 9 May 94

[Studio interview with Gabor Kuncze, Alliance of Free Democrats nominee for prime minister, by correspondent Judit Laszlo; date not given—recorded]

[Excerpts] [Laszlo] Are you satisfied with the election results?

[Kuncze] The SZDSZ [Alliance of Free Demmocrats has done well in these elections. We received more than 1 million votes on the lists. In effect, this means that we repeated our 1990 election results, that is we have achieved the aim we had set for ourselves. The SZDSZ is the only party which has a chance of preventing a landslide victory by the Hungarian Socialist Party and of preventing the continuance of a covert one-party system after the May elections. We have to wait for the results of the second round. [passage omitted]

[Laszlo] There is an agreement between the SZDSZ and the Federation of Young Democrats [Fidesz] that candidates who scored poorly are to step down in favor of the other party's candidate. Having seen the Fidesz results, do you think that is going to happen? Will the Fidesz candidates step down in favor of the SZDSZ?

[Kuncze] The Fidesz leaders have stated several times that they respect the agreement. The SZDSZ has also said this. Therefore, I am sure that this agreement will work. I also add that the same is true of the Agrarian Alliance and the Liberal Civic Alliance-Entrepreneurs' Party. [passage omitted]

MSZP Economist on Difficulties Ahead

LD0905100594 Budapest Kossuth Radio Network in Hungarian 0445 GMT 9 May 94

[Excerpts] Laszlo Bekesi, the elaborator of the economic policy of the Hungarian Socialist Party [MSZP], does not believe very much in the government's economic success policy or the predictions of an imminent economic upswing. [passage omitted]

[Begin Bekesi recording] We know precisely that a bitterly hard lesson awaits the next government; and this will be true even if on the basis of today's results there are perhaps better chances for the creation of a successful coalition and a successful government program than there were even a day ago.

There is a good chance that an efficient coalition will come into being. What is at least as important is that there is also a good chance that this coalition will have a good program. We can only hope—and we wish this for all of us, for society above all—that those who voted for us will stay with us even while we wrestle with the difficulties of implementing the program we have outlined. And we are also clear that after the elections, you, the overwhelming majority of the press, will automatically become an opposition press. I think I can promise on behalf of us all that we will not blame you for the bitter problems. [end recording]

In the event there is an overall victory, it will probably be Bekesi who will have to conclude the social contract which will expect entrepreneurs to moderate their profits and employees to exercise restraint in the wages battle. According to [MSZP] Deputy Chairman Ferenc Baja, the phase of change in the system in which the Hungarian left wing struggled for its life, has ended.

[Begin Baja recording] It is true that the second round will be the decisive one. Prime Minister Peter Boross was right in this. The position from which we are preparing for this second round is that in 152 individual constituencies we are starting out from the victorious first place. We will not commit the mistake, either, of regarding the SZDSZ [Alliance of Free Democrats] as an opponent in the next period just because it is in second place. [end recording] [passage omitted]

MDF Proposes Coalition With FKGP

LD0905085394 Budapest Kossuth Radio Network in Hungarian 0800 GMT 9 May 94

[Text] One of the leaders of the Hungarian Democratic Forum [MDF] believes that her party can improve its election results if it forms a coalition with the other two conservative parties and they renounce their votes in favor of the MDF. Speaking on television's "Sunrise" [Napkelte] program, Krisztina Dobos said they are now beginning to hold talks about this with the Independent Smallholders Party [FKGP]. [FKGP Chairman] Jozsef Torgyan does not consider such an agreement to be impossible. According to the Smallholder chairman, as a matter of fact, differences so far have been between the party leaderships not the membership.

Bela Csepe, outgoing leader of the Christian Democrats parliamentary group, said that if necessary the Christian Democrats will step back in favor of the MDF.

FKGP, Fidesz Chairmen on Results

LD0905093094 Budapest Kossuth Radio Network in Hungarian 0800 GMT 9 May 94

[Excerpt] Jozsef Torgyan, chairman of the Independent Smallholders Party [FKGP], considers his party's role in the elections to have been successful. According to him, the Smallholders could become the most significant opposition force because, he said, after the Hungarian Democratic Forum's bad performance, there is still an internal explosion awaiting it. Torgyan also said that the Hungarian Socialist Party's success has to be accepted.

Viktor Orban, chairman of the Federation of Young Democrats [Fidesz] is of the view that in the past four years his party has traveled the path that it set itself in 1990. According to him, this was sufficient for it to achieve its election result. [passage omitted]

Republic Party Reacts to Vote Result

LD0905135394 Budapest Kossuth Radio Network in Hungarian 1000 GMT 9 May 94

[Text] The Republic Party was one of the parties which have already commented on the election results. Katalin Horvath reports:

[Horvath] According to Republic Party Chairman Janos Palotas, people voted for parties rather than personalities. The sweeping victory of the Hungarian Socialist Party [MSZP] was due to this fact and it is the Hungarian Democratic Forum's government policy—not the MSZP—which is responsible for this. It is certain that these election results are not politically healthy, Janos Palotas said. This kind of victory is unprecedented even in the western democracies. But the MSZP won in democratic elections and the will of society should be respected.

As far as the economic policy programs of the MSZP and the Alliance of Free Democrats [SZDSZ] are concerned, they are similar to the Republic Party's economic ideas in many points, although they can only be compared when the MSZP and the SZDSZ present their ideas on domestic market regulation, taxes, customs duties, and inflation.

Janos Palotas hopes that the MSZP's victory does not cause a political shock and does not make the economy collapse. As far as the Republic Party is concerned, in Janos Palotas's view the party is ready for parliamentary work and it can enter parliament in the next elections. The Republic Party is now preparing for the local government elections.

Agrarian Alliance Admits Poor Showing

LD0905132894 Budapest Kossuth Radio Network in Hungarian 1000 GMT 9 May 94

[Excerpts] The chairman of the Agrarian Alliance admitted that in the first round the party performed worse than expected and he said that this is also true for all the small parties. Gyongyi V. Nagy reports:

[Nagy] Society is clear that it makes the decision: The worst ones go and the better ones come—even if on this occasion we lost, said Tamas Nagy, chairman of the Agrarian Alliance. [passage omitted]

The citizens did not wish to tolerate the government's style any longer, so they voted for the Hungarian Socialist Party and Alliance of Free Democrats, two parties which gave the biggest guarantee for stopping the present practice of politics, the chairman said. [passage omitted]

At the news conference it was said that the Agrarian Alliance will try to weigh up whether the countryside, the peasantry, needs a separate political force.

FKGP Rules Out Pact With MSZP-SZDSZ

LD0905130894 Budapest Kossuth Radio Network in Hungarian 1000 GMT 9 May 94

[Excerpt] The Independent Smallholders Party [FKGP] is also assessing the chances of the second round of the election and hopes that in three weeks' time it will be able to overtake the Hungarian Democratic Forum [MDF]. Agnes Pap reports:

[Pap] The Smallholders are satisfied with the first round of the elections and are expecting the position of the parties in third and fourth place to change on 29 May, in other words that the FKGP will overtake the MDF and will be one of those to stand on the podium, [FKGP Chairman] Jozsef Torgyan said.

The party chairman stressed: They will in any event conduct politics in opposition. There can be no question of joining an eventual government made up of the Hungarian Socialist Party [MSZP] and the Alliance of Free Democrats [SZDSZ], and such a government is possible, in his opinion. The FKGP does not want to conclude an all-embracing election alliance with any party for the second round, he said, recalling the bad experiences of the second round of the 1990 elections.

However, Jozsef Torgyan did not exclude the possibility of concluding one-off agreements with the parties on the national side, or that they might step back in favor of one another.

Mrs. G. Nagy, nee Agnes Maczo [FKGP deputy chairwoman], said she can imagine this at most in connection with the Christian Democratic People's Party [KDNP] because, she stressed, there is no reason to change the existing decisive opposition approach to politicizing with the MDF. [passage omitted]

Report on Regional List Election Results

LD0905110194 Budapest Kossuth Radio Network in Hungarian 1000 GMT 9 May 94

[Report by correspondent Andras Kerekes]

[Excerpts] The outcome of 127 mandates has been decided in the first round of the elections. [passage omitted] In the first round 68.9 percent of the electorate voted. A news conference for the international press ended not long ago at the National Election Center, where they primarily wanted to inform the foreign journalists about the overall preliminary results. [passage omitted]

They have now also announced the distribution of seats on the regional party lists. According to this, the Hungarian Socialist Party [MSZP] will receive another 53 seats, with 32.9 percent of the votes; the Alliance of Free Democrats [SZDSZ] has 28 seats with 19.7 percent; the Hungarian Democratic Forum [MDF] has 18 seats with 11.7 percent; the Independent Smallholders Party [FKGP] has 14 seats with not quite 9 percent of the

votes; and the Christian Democrats [KDNP]—although they gained a few votes more than Fidesz [Federation of Young Democrats]—the latter received seven seats but the KDNP received only five. This is because of the different numbers of voters in the regions.

A total of 27 seats passed from the regional lists to the national lists [to be decided in the second round].

Zoltan Toth, head of the national election office, said that of approximately 22,000 ballot papers they are unable to account for a total of 18, but they hope that by 1500 this afternoon, the time of the briefing in parliament, the premliminary results of the first round will be complete including these. [passage omitted]

MDF on Hopes for Remaining Candidates

LD0905114694 Budapest Kossuth Radio Network in Hungarian 1000 GMT 9 May 94

[Text] The leaders of the Hungarian Democratic Forum [MDF] are not blaming anyone for the fact that the party gave a weak perfomance in the first round of the elections. On the contrary, what they are focusing on is that in three weeks' time they should be able to get the majority of their remaining candidates into parliament. Edit Nagy reports:

[Nagy] The MDF wishes to head a national coalition of forces that could turn around the power relations which emerged after the first round of the elections, said Spokesman Karoly Herenyi, who added: That is why the MDF wishes, possibly, to conclude local agreements with the Christian Democratic People's Party [KDNP] and the Independent Smallholders Party [FKGP].

Karoly Herenyi said that the forging ahead of the left wing is unstoppable in the east central European countries and that in our country this was not caused by the MDF's campaign or its four years of government. As a result of the unpopular measures which were taken, questions arose in people's minds which four years were not enough to answer.

It was said about the further tasks of the MDF that their aim is to get at least two-thirds of the remaining 100 candidates into parliament. They will work out the strategy for this in the coming days. Karoly Herenyi also drew attention to the fact that there was no debate during the evaluation of the first round at the [MDF] presidium session; they did not blame anyone for the results and they do not fear a party split, either.

Solidarity Leaders, Labor Minister on Strikes

LD0905092994 Warsaw Radio Warszawa Network in Polish 0700 GMT 9 May 94

[Text] Solidarity representatives issued a statement in Katowice yesterday relating to the conditions for the suspension of the strikes. Here is the union spokesman, Piotr Zak:

[Begin Zak recording] We are asking Prime Minister Waldemar Pawlak and Industry and Trade Minister Mark Pol to hold a direct, working meeting between representatives of the government and the mining and energy generation secretariat of the Independent Self-Governing Trade Union [NSZZ] Solidarity. The aim of the meeting will be to specify the range and timetable of talks intended to resolve the problems lying at the root of the conflict. For some time, the Solidarity trade union has, as it were, reached out to the authorities, proposing substantive talks with the aim of resolving the conflict that has arisen. [end recording]

[Correspondent Orzech reporting from Katowice] A representative of the brown coal-mining section of Solidarity threatened that if these talks are not held, a strike will once more begin at the brown coal mines. Simultaneously, an activist of the energy generation section warned that there might be wide-scale cuts in electric power supplies, and that these will not exclude the mass media. The trade unionists said that a timetable of strikes has been prepared, but that it must remain secret. According to Marian Krzaklewski, a scenario is also being prepared to meet the situation that would arise if the government rejects talks. Krzysztof Mlodzik, chairman of the mining and energy generation secretariat, said toward the end of the news conference that it would be wiser to give way. He did not make clear what he had in mind. This is Witold Orzech in Katowice.

[Announcer] On the "Signals of the Day" program this morning, Labor Minister Leszek Miller addressed yesterday's statement by Solidarity's national mining section regarding talks with the government:

[Begin Miller recording] We are open for various contacts with representatives of Solidarity. If such a meeting were to have a consultative character—by this I mean one during which the both the subjects and the participants are specified—such talks can certainly come about, such a team can certainly be created. On the other hand, I would here like to clearly distinguish between a consultative meeting and a negotiating meeting. As regards negotiations, our stance is unchanged. We invite representatives of other trade unions active in the mining sector to these talks. [end recording]

Solidarity Strike Spreads

LD0705083794 Warsaw Radio Warszawa Network in Polish 0800 GMT 7 May 94

[Text] Solidarity's protest action is continuing. At 0900, Solidarity employees at the Czestochowa Steelworks [central-southern Poland] staged a two-hour strike. The Solidarity regional board did not receive notification of strike participation by other factories in Czestochowa Province.

In the central-eastern region of Poland, the work-force of the Communications Equipment Plant in Swidnik, the scales factory in Lublin, and the rolling bearings factory in Krasnik joined the strike today.

Leaders Say Strike 'Lost Momentum'

WS0905074494 Warsaw RZECZPOSPOLITA in Polish 6 May 94 pp 1-2

[Report by Pawel Reszka, Piotr Adamowicz, and Barbara Cieszewska: "A Few Hundred Enterprises Will Stop Work, Krzaklewski Says; 'Solidarity' Without Impetus"]

[Text] Most of the members of the National Commission of the Independent Self-Governing Trade Union "Solidarity" ["S"] believe that the union should withdraw from the Trilateral Commission. According to them, work in the commission cannot be a substitute for bilateral talks with the government. After the lignite miners suspended their strike, the protest of "S" lost its impetus; however, Marian Krzaklewski has announced tbe escalation of strikes for today. Anthracite mines are still on strike; the protest has been joined by the railroad workers, even though the General Directorate of the Polish State Railroads [PKP] claims that only 14 employees went on strike—in Tarnowskie Gory.

Apart from this, in line with the data of "S," 20 enterprises all over Poland are taking part in a continuous strike. The unionists are hoping that the deadlock may be broken if the protest is joined by more railroad workers and if the lignite miners resume their strike.

Presidium Against the Commission

"Most of the members of the Presidium of the National Committee believe that the union should no longer participate in the Trilateral Commission because it does not fulfill the functions for which it has been set up," "S" spokesman Piotr Zak told RZECZPOSPOLITA. Minister Miller is trying to make people believe that the Trilateral Commission is a wonderful remedy for all conflicts and that it is the committee that should handle the union's demands. He forgets, however, that "S" is the only union that signed an agreement with the government (on 29 May 1992), whereby it may begin collective bargaining with the government, and resolution of the strike is possible through negotiations between the union and the government. Therefore, the Presidium believes that the work of the Trilateral Commission cannot substitute for bilateral negotiations. According to the "S" spokesman, the present commission, "without a legal foundation and in view of the fact that the issue of the representativeness of the unions has not been settled," is a fictitious body.

Krzaklewski: Culmination Today

"S" National Commission Chairman Marian Krzaklewski said that the government's statement that popiwek [tax on excessive wage increases] will have been rescinded by the end of the year is contrary to the agreement signed with lignite miners (following which they suspended their strike).

"In such a situation the union is preparing a strike action in the power industry; on Friday the Strike Committee in the Belchatow mine will decide whether or not to resume the strike in this enterprise," he said. He added that the "S" Protest Action Headquarters will agree that the mine renew its strike.

"On Friday there will be a culmination of our three-day strike. A few hundred enterprises will stop work, among others, the historical Gdansk Shipyard," announced the "S" leader.

It is worth recalling that the "S" Strike Headquarters first announced a nationwide continuous strike action and then declared that it would be intensified on 4, 5, 6, and 7 May; all the branches of the union were supposed to take part in an active strike.

According to Krzaklewski, through the present strikes the union has achieved its strategic goals; now there must be "collective pressure, so that the demands are reinforced." Asked about the scale of the strike, he stated that this was just the scale that he had expected and that there were no surprises: "I knew how many enterprises would stop work." Also the union's spokesman positively evaluated the course of the strike; he added, however, that he was not familiar with the data that PKP had at its disposal. Miners go or not go on strike.

Today a demonstration by the defense industry unionists is to be held in Warsaw, as well as a "S" demonstration in Biala Podlaska. An eight-hour strike will be staged in the enterprises of the Gdansk region, including the shipyards and ports of Gdansk and Gdynia. The fuel base in the northern port will be cut off, which will make the reloading and reception of oil impossible.

Yesterday the strike by anthracite miners was joined by two mines: "Zabrze-Bielszowice" and "Nowy Wirek." "S" claims that 23 coal mines and three zinc and lead mines are out on strike. The State Anthracite Agency maintains that 20 anthracite mines are out on strike.

"S" did not manage to organize a strike in the Gliwice Coal Partnership yesterday. If the "S" plant committees of the mines that are associated with it do not join the strike, the "S" Inter-Mine Coordination Commission in the Gliwice partnership threatened to request the region's leadership to suspend the present authorities of the union in the individual mines.

The Union Is Not the Army

Off the record, the unionists concede that the strike was not as successful as was expected—even though Marian Krzaklewski holds a different opinion. They point out that the protest lost momentum when the lignite mines suspended their strike. Some criticize the behavior of Strike Headquarters, whose decision concerning the intensification of the strikes was so sudden that there was not enough time to inform the Plant Committees about it and to persuade them to strike.

"There is discipline in the union; however, it is not a military-like discipline," we were told by a high-ranking "S" activist. Quite common is the opinion that "S" strikes are better organized by the various branches, which can add their own demands and thus encourage employees to go on strike. The unionists are now hoping that the protest will be joined by the railroad workers and that the employees of the power industry will resume their strike, which might result in extending the strike action.

Solidarity Seeks Two-Way Talks

LD0805190494 Warsaw TVP Television First Program Network in Polish 1730 GMT 8 May 94

[Relayed by TV Polonia Network]

[Excerpts] The Solidarity Mining and Power Industry Secretariat has decided during its meeting in Katowice to ask the government for immediate and direct talks with the union. Otherwise the union plans to intensify the protest action and restart the strike in brown coal mines.

Strike committees of the hard and brown coal mining industries and power and heating industries took part in today's meeting of the Mining and Power Industry Secretariat in Katowice. Solidarity leader Marian Krzaklewski also took part in this meeting. After the failed culmination of the strike last Friday [6 May], which was announced by Krzaklewski, the trade unionists were discussing how the Solidarity protests would be organized in the next few days.

Solidarity is not withdrawing its general demands but is now willing to agree to talk about the power industry demands on the condition that these would be two-way talks between Solidarity and the government. [passage omitted]

It is possible that a meeting between Marian Krzaklewski and Prime Minister Waldemar Pawlak or President Lech Walesa may still take place tonight after the premiere of the Kazimierz Kutz film in Katowice.

Walesa on Treaty, Ties With Europe

WS0905083094 Vilnius TIESA in Lithuanian 26 Apr 94 No 80 pp 1, 10

[Interview with Polish President Lech Walesa by Lithuanian reporters in Warsaw; date not given: "If We Think About the Past, the Future Will Run Away"]

[Excerpts] *We have reported that on the eve of his visit to Vilnius, Lech Walesa, president of the Republic of Poland,*

received a group of Lithuanian journalists and answered their questions. The conversation took place around the marble table in the Belveder. The Polish president replied to questions from journalists Aleksandra Akinczo (ZNAD WILII), Rytis Sabas (LIETUVOS RYTAS), Mecislovas Sadovskis (EKHO LITVY), Algirdas Strumskis (TIESA), Josef Szostakowski (KURIER WILENSKI), Kazimieras Sliuzas (ELTA), Rimantas Varnauskas (LIETUVOS AIDAS), and Algimantas Zukas (RESPUBLIKA). [passage omitted]

[Reporter] There are enemies of the Polish-Lithuanian treaty on both sides. One representative of the Lithuanian Union of Poles compared this treaty to the Molotov-Ribbetrop pact. Mr. President, what can you say about this? What gains will this treaty bring to the Polish minority in Lithuania?

[Walesa] There has been much discussion, which means that the treaty is good. If the number of its supporter equals that of its enemies, the treaty is ideal. Let us take advantage of the possibilities that this treaty will present.

When we speak about ethnic minorities in Europe, we cannot invent new standards. The past is weighing heavily on the treaty's enemies, as well as on those who represent the ethnic minority. They are still avoiding a different assessment. This is a peculiar quadrangle of a circle. Until the treaty is signed, we will not be able to settle other matters. Thus, let us get moving at last. Let us follow the standards established in Europe: Primarily, the openness of our countries that will help to open borders and remove obstacles feared by the minorities. If there is no openness, our relations concerning ethnic minorities may deteriorate. I do not know who wants the two nations—the Lithuanians and the Poles—to not reach a mutual agreement. We are even becoming ridiculous because of that. We are such close nations, and we are settling these most important matters with such delay. I do not think that any side would resort to discrimination. The latter leads to Yugoslavia. Neither party wants a Yugoslavia. Thus, let us be open and get down to work. Certainly, Lithuania can choose the Asian direction, or that through Poland.

[Reporter] Mr. President, we would like to hear from you what definite effect this treaty will have on economic, cultural, and political relations between Lithuania and Poland, which you and President A. Brazauskas will sign in Vilnius?

[Walesa] In former times, everything was imposed from above. You know that epoch. The one that is beginning now will be different: Political agreements only open possibilities and remove barriers to security. Life and people must make these political agreements effective, so that one could remove obstacles and overcome difficulties. We are trying to open our doors. Maybe, we are doing this incorrectly. Maybe, this should be done differently. However, we must accomplish the same what we did with other countries. The implementation of treaties by workers of culture, economists, and historians is a totally different issue. In short, a treaty means the opening of doors. Maybe, there will be some doors, but no one will walk through them. However, we, politicians, must open them. If it becomes obvious that we did too little, and that the minorities gain little from this treaty, we will change it. Demand will decide everything.

[Reporter] Mr. President, excuse us for asking this question, which may be unpleasant to you. You say that you care about ethnic minorities. The Lithuanians in Poland stress their loyalty to this state. However, they are displeased to hear that, for example, this state lacks money to publish several thousand Lithuanian textbooks. Another example is that the Polish state imposes additional duties on building materials imported from Lithuania which are necessary for the construction of the Lithuanian cultural center.

[Walesa] One could assess the aforementioned duties and other things as malevolent issues. Some people claim this. However, this is untrue. Certainly, some things are not planned, in this case, this Lithuanian cultural house which is being built by Lithuanians. This was not included in our plans. However, this is done with no evil purpose. I did not learn to be a president as well. The freedom team that came to work may have not noticed those problems, while some newspapers assessed these as malevolent activities. Both you and us have some matters that are simply arranged improperly. Should we adopt a new constitution and customs clauses with regard to Lithuania? Maybe, our dear neighbor would not feel any damage in that case, and you would not question me about it. Maybe, these things should be changed, but there are principles. However, I am pleading for one thing—do not pass over to the enemy's ranks. Let us assess this as a misunderstanding. I believe, however, that the problem is quite different.

[Reporter] Mr. President, you said at the first "Solidarity" congress, I suppose, 13 years ago that you must drive the horses you were given. We know that your current position is not very easy. Could you tell us how your relations with the Sejm and the government are developing?

[Walesa] The problem does exist, but it lies elsewhere. Speaking about the complexity of the situation, I predicted that in advance. If we assess the situation in terms of my extreme desire for power, then my position is really difficult. However, I have never wanted to be president, and I have no desire to be one. I only wanted to fulfill a certain task. I wanted to overcome the former system that was bad to everyone. I wanted democracy, openness, and pluralism for everyone. When I was heard, the nation would go with me, and I would claim victory. My goal was to bring the country to the system we had planned.

Certainly, now we have different concepts and various troubles. At one moment, there was such an opinion that the Polish president must not have any political backing, and that he must be equal with other people. I also

thought so and did everything to renounce any political impediments. Therefore, I am having trouble today. Different interests are being manipulated. These are not only the people from the old system. They are not necessarily bad communists. Every one of them—leftists, rightists, and centrists—would like me to be with them. I console everyone and urge him or her to preserve the balance. That is why I do not please everyone. However, I am implementing this concept with consistency.

People do not voice claims that I have no good initiatives. However, they are displeased with the fact that I do not implement those initiatives. They say that I have promised a few things but failed to fulfill them. Of course, I accomplished a lot. However, execution exceeds the limits of my possibilities. It is the government and the parliament which primarily engage in implementation. I am an executor in this political system. However, people care little about this. They say: We have elected you—now you must deliver. My troubles have emerged due to the pressure from the system in which I happened to live.

The vital question is as follows: There must be one powerful leader, a political party, and a presidential or a parliamentary system. As long as this question remains unanswered, I am the sole person loyal to my principles, and this does not cause any trouble.

Certainly, I do not explain this, because primarily I am faithful to the principles which I promised to implement: To create a system and bring it into the country. Of course, one can make everyone listen to and follow the leader. One can also blind people through other measures: To incite and provoke them, or set them against each other. However, one must begin to create....

[Reporter] Mr. President, recently, the presidents of the three Baltic states put forward the initiative called 5 + 3 + 4 (Central European, the Baltic, and Visegrad group states). However, the Visegrad countries rejected this initiative. Why?

[Walesa] We still seem to misunderstand each other. One used to say in former times—let us unite into pacts of three, five, and ten. One could really expect success then. The new epoch is quite different—if we open our borders, we must have regional cooperation, and not because Vilnius is closer than Washington. Life's demands rather than decrees are responsible for such regional cooperation.

A similar problem arose during my conversation with Russian President B. Yeltsin. The Russians wanted to leave their factories at the former bases. I said: Mr. President, let us change this in the agreement so as to make our current economic cooperation tenfold larger. However, this depends on economic demand and cannot be imposed. I cannot impose cooperation on anyone if it is unprofitable. Do you, the Russians, want to mine gravel near Szczecin and ship it across Poland? Does not Russia have gravel? Therefore, I say, let us not do such things.

I believe that we must agree on the principles and values that we would defend. We must say that the entire world will defend Lithuania's freedom, as well as that of Poland. The most important thing is that no one will attack, if we sign such an agreement, if we remove all dangers, and if we say that the nuclear power station is the matter of the entire world, or at least of Europe, and not only the internal problem of Lithuania or Poland. However, all of Europe has the right to check whether the nuclear reactor is good or bad. If it is bad, Europe has the right to demand its closure.

Let us defend great principles and values. If such rights were observed in advance, there would be no problem of Yugoslavia, because it is said that everyone has the right to freedom. However, one's freedom must not pose any danger to the freedom of another person. This means that there are no possibilities for resolving problems by force. If someone does not observe these principles, he or she can be forced to do so.

In this respect, there is no need to create what you are talking about. There is no need to conclude agreements, if there is no demand. If the economy requires them, let us allay these matters, so as to be able to resolve them in a natural manner.

[Reporter] Mr. President, you have said that you want to continue your duties. We understand that you will take part in the upcoming elections.

[Walesa] I still have two years. I see that the system for which I fought has not yet been created. If I really want to participate in the upcoming elections, I will really win them, because I always achieve what I want.

[Reporter] The veto of the popiwek [tax on excessive wage increases] law and the refusal to confirm the finance minister are assessed as your new election program. What would be the key principles of your election campaign? Who would be your most powerful rival?

[Walesa] I have enough time for the program. I have said that I want to create a system. By designing it, I show its faults and accomplishments. However, I set a challenge at the same time. We have the provisional Small Constitution. What can be the decision, if I say "no," and the government is unable to do anything. However, the government coalition says something different: We present you a name, and you (president) must approve it. Why? Under what law?

That is why it is bad for both sides (president and the coalition). I do not want these principles to be transferred to the new constitution, which we are now drafting. Can I ignore the problem of constitutional amendments resolved in such an improper manner? I ask who has the right to change the Constitution and the system? There can emerge a casual majority coalition in

a couple of hours, even of drunk people, that can change the system. Seeing all this, I am setting a challenge.... [passage omitted]

Cabinet Discusses Defense Policy, Army Command

LD0405204394 Warsaw TV Polonia Network in Polish 1900 GMT 4 May 94

[Text] [Announcer] The government, at a closed meeting with the participation of the head of the armed forces, President Lech Walesa, adopted a document on Poland's defense policy. The minister of national defense will present it to the Sejm before the end of the month.

[Correspondent] In the document, two options are presented for the division of competences between a civilian minister of national defense and the commanders of the Army. Under the first, the chief commander of the Army—the post has not yet been given a name—is subordinate in military matters to the head of the armed forces, i.e., the president. The civilian minister of national defense will only exert administrative-political control.

[Begin Kolodziejczyk recording] This option will, I believe, require legalization of this post, constitutional legalization of this post, and making the commander in chief constitutionally responsible for matters like battle readiness, mobilization, drawing up operational plans, and standard of military training. At the moment, the minister of national defense bears this responsibility. [end recording]

[Correspondent] The second option aims at the president exerting command through a civilian minister, who works out the tasks for the armed forces and supervises their execution, but without interference in matters of command.

Finance Minister on Economy, Strikes, Outlook

WS0505145094 Warsaw Radio Zet in Polish 0615 GMT 5 May 94

[Interview with Professor Grzegorz Kolodko, Polish finance minister and deputy prime minister, by Andrzej Woyciechowski at the Radio Zet studio in Warsaw on the "Guest of Radio Zet" program—live]

[Text] [Woyciechowski] Radio Zet's guest today is Professor Grzegorz Kolodko, deputy prime minister and finance minister. Good morning to you, Sir.

[Kolodko] Good morning to you, and to you, Ladies and Gentlemen.

[Woyciechowski] When one reads newspaper headlines from the past few days, they resemble war reports: Battle for Popiwek [tax on excessive wage increases]—that is the kind of title that keeps appearing every day. What is this battle for popiwek all about, and who is fighting whom?

[Kolodko] I hope this will be the last battle because popiwek is a palliative situation; it is not a good solution. As everyone knows, it was introduced quite some time ago with the goal of regulating the rate of salary increases. We have been using it as an instrument of anti-inflationary policies, and it seems that it is the working people or the trade unions that are fighting the government, or, to put it in broader terms, the authorities in general—after all, popiwek is [words indistinct]...

[Woyciechowski, interrupting] Actually, the fight is with the finance minister—that is, you—because it is you who ultimately decides the issue.

[Kolodko] I would not like to think that this fight is with me. No, it is not the finance minister who decides, even though he naturally enjoys specific powers, he suggests certain solutions, there is the whole legislative process...

[Woyciechowski, interrupting] But what about you, personally? Are you in favor of the popiwek?

[Kolodko] I am not in favor of the popiwek, and I have just told you about some steps concerning what should be done to resolve this palliative situation that is not the optimal solution. And we are indeed resolving it. Now, I understand that the popiwek has been applied for so long because, even though it was not the best solution, it still kept nominal salaries in check and, by controlling salary inflation, the popiwek unquestionably contributed to decreasing price inflation.

[Woyciechowski] But how does the popiwek fit into a free market economy? Is there any country in the world, a capitalist country such as Poland, that has introduced this instrument?

[Kolodko] The popiwek does not fit into the free market economy very well because it obviously limits the sovereignty of economic units and enterprises, whereas we are eager for them to really conduct their own economic policies. Let me put it this way: I am referring first of all to operational activities and decisions regarding the distribution of economic surpluses into that part that is being invested and that part that is devoted to salaries—that has to be an independent process, whereas the popiwek is about the state's interference in decisions about distribution in an enterprise, and the popiwek's evil is about breaking apart a fundamental relationship in economic processes between awarding efficient labor...

[Woyciechowski, interrupting] Is the popiwek a necessary evil? Is that your assessment?

[Kolodko, hesitating] It used to be a necessary evil, and right now it is also a necessary evil, but currently, we, the governing coalition, are suggesting—the Sejm already approved of that and the Senate will debate it today—namely to apply what I call the mechanism of the setting sun, meaning that we should impose on ourselves the rigor—I mean, not so much we ourselves as parliament will impose it on us as the government—that we should

abandon the popiwek irreversibly, definitely, and, I hope, forever, and that should happen by the end of this year. This is really a very short period of time...

[Woyciechowski, interrupting] By the end of this year?

[Kolodko] Exactly. So that means eight months in which a whole range of other systemwide solutions must be prepared that will facilitate labor efficiency and award increases in labor efficiency, but that—God forbid—will not result in an increase of inflationary pressures, which are very strong in Poland to begin with.

[Woyciechowski] Mr. Prime Minister, how did your first week on the job go? You have been a deputy prime minister for one week now.

[Kolodko] It passed under conditions of a great deal of work and enormous pressures, on the part of not only the striking miners but also the mass media and people I met in the hallways of the Office of the Council of Ministers building. First of all, I spent the week trying to overcome an organizational jungle because a certain confusion occurred as a result of the vacancy at the post of deputy prime minister and finance minister for almost three months...

[Woyciechowski, interrupting] What happened when, after three months, you entered the empty office of the deputy prime minister and finance minister? Was there a huge pile of papers to be signed, or was it not like that at all?

[Kolodko] No, as far as that is concerned, everything had been very well prepared. What did happen, however, was that there were lying—or actually hanging in midair, I should say—some unresolved issues and problems, and I think the infamous popiwek and the highly complicated sociopolitical situation, I mean the wave of strikes I hope are on the decline now, this is what I encountered there. Some issues are being resolved and some need to be resolved soon, and the government is working on that. Some proposals will be presented soon, but the whole point about conducting economic policies is about finding the right way or method to resolve problems faster than new problems arise. One must have a colossal imagination and colossal psychological discipline, and, of course, one must have the appropriate economic knowledge. As far as the knowledge part is concerned, I studied and analyzed these issues for quite some time, so I am positive about that aspect. But actions need to be intensified by all means, and, from that standpoint, I can understand the impatience of trade unionists, of working people and businessmen who have unambiguous expectations vis-a-vis the government for it to fulfill some earlier declarations, especially those made during the election campaign, as far as the coalition parties are concerned. I did not take part in the campaign, but right now it is also my problem to keep the commitments.

[Woyciechowski] Let us go back for a moment to the first week. During your first week in the post of deputy prime minister, you must have read a great many secret documents, figures, and statistics. After this first week, do you view Poland's economic situation better or worse than a week ago? Is it very bad, very good, or just average?

[Kolodko] I have not read very many such secret figures. As deputy prime minister, I receive certain material labeled secret and confidential, and sometimes I wonder what makes something secret as opposed to confidential. My knowledge about the country's economy is comprehensive enough to be able to avoid some secret knowledge of which we would still not be aware...

[Woyciechowski, interrupting] So that means you were not surprised by anything over the week?

[Kolodko] No, from that perspective, I was not surprised by anything.

[Woyciechowski] But is it your assessment today that the situation is better or worse than what you thought a week ago?

[Kolodko] As far as the situation of the Polish economy goes, and also future prospects ahead of the economy, I say that the week introduced no major changes [words indistinct]...

[Woyciechowski, interrupting] So what is the economic situation like?

[Kolodko] I still think that, first of all, future prospects are good, even though today I have more problems on my mind because if it were not for the strikes, protests, and this horribly arranged social dialogue—I mean the strikes—my optimism would definitely be even greater to some extent, but I still approach this in a very constructive way, and I think we have good chances for resolving a whole range of economic problems to everybody's advantage. It so happens that the Polish economy has already entered a growth period, and I regard it as my main mission to conduct the kinds of policies that will strengthen the growth trend or even accelerate growth.

[Woyciechowski] Mr. Prime Minister, on the one hand, there is growth, but, on the other, when you compare Poland with the Czech Republic, for instance, or with Hungary, we have a much higher inflation level and huge unemployment. Are these the two biggest obstacles—I mean inflation and unemployment?

[Kolodko] There is no doubt that they are both limitations to economic policies, but they are also those parts where our economic policies should be concentrated...

[Woyciechowski, interrupting] What must be done to halt the growth of inflation and to bring inflation to a normal level? Do you have an ideas on that?

[Kolodko] Yes, I do. Of course I have ideas. But this process is...[Kolodko pauses] You touched upon two

issues here: inflation and unemployment. There is no doubt that, especially over the short run, there is a relationship between...

[Woyciechowski, interrupting] Is inflation caused by unemployment, or is it the other way around?

[Kolodko] I mean, reducing inflation by subsequent percentage points under the current conditions—if it is not done with a certain monetary-fiscal sophistication, I would put it this way—may cause a further increase in unemployment. The goal of economic policies...

[Woyciechowski, interrupting] In a word, the lower the inflation, the higher the unemployment?

[Kolodko] Yes, I mean, if we tried to reduce inflation currently by applying instruments similar to those that were applied at the beginning if 1990, there is no doubt that this would result in a further increase in unemployment while one of the goals of socioeconomic policies of this particular government—and rightly so, in my view—is first of all to keep reducing the rate of unemployment growth—and we are practically at that stage now—followed by reductions in the rate of unemployment as such.

[Woyciechowski] How does inflation in Poland come about? What is its source? Is there any one source of inflation in Poland?

[Kolodko] Oh, no. There is no single source. Inflation is very complex, and it is partially of a structural nature, and partially it....

[Woyciechowski, interrupting] What do you mean by structural nature?

[Kolodko] I mean that the structure of our economy continues to be such, that, given the current systemwide solutions—unfortunately, this brings in the popiwek again—the flow of income is rising at a slightly faster rate than the flow of real supply—that is, production—so this causes [words indistinct]....

[Woyciechowski, interrupting] Is this because someone awards raises to somebody?

[Kolodko] That is true, and also because, in macroeconomic terms, we pay out—that is, we introduce more money into the economy, through various channels, not only through salaries, than would be justified by a physical growth of the product.

[Woyciechowski] To make a long story short, we earn too much, Mr. Prime Minister?

[Kolodko] Oh, no, we do not earn too much. Right now our real wages are increasing because work efficiency and output are also increasing. Therefore, it would seem that it should be easier for us to conduct economic policy. Today's disputes are not over how to distribute the decreasing production and how to share the ever-growing amount of poverty, but over how to share this richness, which is increasing, however slowly. I understand that today social protests have become more intense, and certain tensions have built up because people can already feel, which is based not only on their intuition but also on facts and observations, that it is rising. Now, the question arises...

[Woyciechowski, interrupting] That wage increases are being given?

[Kolodko] I would not like to use the word given because this keeps us in the epoch of the Polish People's Republic: Either someone gives something or it is obtained by fighting. What one actually can obtain by fighting is only poverty—the more strikes, the slower wage increases will be; the more strikes we stage, the more....

[Woyciechowski, interrupting] Talking about the strikes. What is your opinion on them? Do you agree with the opinion of those who claim that these are first of all political strikes, aimed at the coalition?

[Kolodko] I would not like to interpret them in this way. However, as an economist, I do not fully understand these strikes, and, frequently, when I observe the situation carefully, I can see that first there is a strike and only then do the strikers search for demands that should be submitted. After that, demands follow that have not been discussed 24 hours or even 24 days beforehand. In this sense, one can interpret these strikes as political; however, all political players are involved in it—politicians who have certain ambitions, certain views. We often have disputes not over the differences of views but over the differences of interests. This is why it is next to impossible to reach an agreement, a consensus, because the interests are different. Now, if I were to look at this from the standpoint of a nurse, a physician, a teacher, a miner, or a driver, I can understand the people's reaction: When they hear that our economy is already developing, that the situation is good and is to improve, it is understandable that they would like to benefit from this as well. The mechanism that is supposed to resolve these difficulties must be institutionalized. We place great emphasis on the negotiations of the trilateral commission. We treat it very seriously, and, from the point of view of...

[Woyciechowski, interrupting] During the negotiations in the trilateral commission, it was promised...[Woyciechowski pauses] Actually, it was not you who promised it. Representatives of the Finance Ministry promised that the personal income tax would be less severe. What is your opinion on this?

[Kolodko] It will not really be less severe. The unionists want this: If the next tax bracket is exceeded, the person who exceeds it should be able to pay the tax along with his or her spouse. In that case, the advance payments should not be made. We have calculated this in the Finance Ministry—what the financial result of such an operation is in a year. It has also been discussed before.

An agreement is possible here, and we are arriving at such an agreement, which the government, wherever there is....

[Woyciechowski, interrupting] However, will the tax be less severe or not? You protested when I said that it would be.

[Kolodko] Well, it will be less severe if we look at it from the viewpoint of the entire year. It is a certain concession for those taxpayers. However, it is a matter that does not make any greater perturbations in the sphere of public finances. In this area, the government is reaching an agreement with the trade unions. However, I would like such matters to be regulated quite unequivocally when the budget law is prepared. Again, I am a realist, but I will now tell you this anecdotal story: I recently visited Japan, and, in this country, people are allowed to stage strikes only in March because the budget enters the fiscal year on 1 April, and, once the budget has been passed by a democratically elected parliament, then, in a democratic society, there comes the time of hard work....

[Woyciechowski, interrupting] Then you would like a similar situation in Poland? Would you like one month to be chosen for strikes? August, for instance?

[Kolodko] You know, actually I would not like any strikes in Poland. I believe that, in a more or less normal situation, which we are more and more, it is possible to reach agreement even on very difficult issues. I am a realist, and I do not think we will reach a situation in Poland where there will be no strikes at all. I can imagine....

[Woyciechowski, interrupting] Is it possible in Poland today to fulfill the election promises made by the Polish Peasant Party and the Democratic Left Alliance?

[Kolodko] This depends on how they are interpreted and over what period they should be fulfilled. The foundation of my economic policy or my view of he economic policy is the necessity of prolonging time. I assume that the work we are going to do will be done in the constitutional period of one term.

[Woyciechowski] This is what you discussed in the Sejm—the medium-term program, the medium-term strategy. This medium term means how many years?

[Kolodko] Yes, I am even working on a strategic program, I would say. I would like to add, however, that a strategy is implemented over a longer period than terms of governments, even in stable societies....

[Woyciechowski, interrupting] That is six, seven, or eight years?

[Kolodko] Six, seven, or eight. Let us say....

[Woyciechowski, interrupting] This is, then, the economic program on which you are working.

[Kolodko] Of the year 2000. Yes. However, what this government must try to implement is a medium-term strategy. Because I am also the finance minister, I attach great importance to the preparation of the so-called medium-term financial strategy. In this area, we have reached a certain creative agreement with the president of the National Bank of Poland.

[Woyciechowski] Mr. Prime Minister, what will the situation in Poland look like in two or three years? How high will inflation be? How much will our incomes increase? How much will the zloty be devaluated?

[Kolodko] I think that, in three years, the situation in Poland will be noticeably better, which does not mean that all groups will be the beneficiaries....

[Woyciechowski, interrupting] How high will inflation be?

[Kolodko] In three years, if we manage to implement our economic policy, inflation will near the level of approximately 10 or 12 percent....

[Woyciechowski, interrupting] That is, just like Hungary today?

[Kolodko] Well, it is still very high inflation. This should be clear. Compared to Western standards—jthe OECD or the European Union—it is very high inflation. However, if we take into account the inflationary hell in which we have been in recent years....

[Woyciechowski, interrupting] How much will our incomes increase within three years—2 percent, maybe more?

[Kolodko] Well, more. According to the calculations of the Central Planning Administration, which concerns the increase in the GDP, it is estimated that real wages this year may increase more than was envisioned in the budget law. What you said—that is, 2, 3, or 4 percent—is guaranteed this year. If....

[Woyciechowski, interrupting] They will increase more. What do you mean by 5 or 6 percent?

[Kolodko] Within this year or within three years?

[Woyciechowski] This year?

[Kolodko] No, this year I believe they will increase 3 to 3.5 percent....

[Woyciechowski, interrupting] That makes 10-12 percent within three years, does it not?

[Kolodko] They can certainly increase that much. We will also have money for much faster increases in investments, for financing growth and development, because this policy must really be very prodevelopment. We must think increasingly more about future generations, not only about this present-day consumption.

[Woyciechowski] How high will the devaluation of the zloty be? In the Sejm, you promised to defend the Polish currency. Is it not going to be devaluated so often?

[Kolodko] It is not devaluated very often. That is, on the one hand, we must implement the policy of strengthening the currency so that this will further stabilize the economy and influence macroeconomic stabilization; on the other hand, we are still faced with the dilemma of to what extent we should take advantage of the exchange rate as an instrument of shaping the current circulation. On the one hand, there is a certain temptation; there is pressure, especially from groups linked to exports, to devaluate the zloty because this makes exports more profitable and restricts the import trends. Right now there are no reasons to head for a faster and greater devaluation. There is only the question of when we will pass to the stage of shaping the exchange rates more freely within the framework of the interbank system. For the time being, we are employing the so-called crawling pack [preceding two words in English]—that is, adjusting monthly devaluation, based on the basket of currencies. There is the question of on what level this ratio should be. Now, earlier you asked about the causes of inflation; one of these causes is such a mechanism of devaluation: If the Central Bank devalues the currency by 1.6 percent a month, it sends information to all consumers and manufacturers that the price of foreign currencies goes up by the average of 1.6 percent a month. More or less, in the same rate, the price of everything else goes up as well. This gives a signal to what we economists call inflationary expectations....

[Woyciechowski, interrupting] The Central Bank is partially to blame for this inflation? Is it Ms. Waltz?

[Kolodko] It is not the fault of Ms. Waltz or the Central Bank because it is both the cause and the result. This mechanism also consists in the following: We adjust the price of money to the costs that go up for other reasons. I do not want to say a banal thing—here everything depends on everything else. It is a very complex system of interdependencies. The point is that we should quietly and gradually reach the lower levels of the crawling pack [preceding two words in English]. It is possible that, from time to time—now this time has not yet come, that we will have to make a correctional devaluation. However, the main goal is to stabilize the exchange rate, and this is the function of inflation. On the other hand, this inflation is the function of....

[Woyciechowski, interrupting] This is what you call the protection of the Polish currency. What about the denominations? Do you like the bank notes with six zeros? When will the zeros be less numerous?

[Kolodko] I do not like them. This sometimes makes calculations quite complex. Our views are clear: The currency in Poland must be redenominated. Work is under way....

[Woyciechowski, interrupting] Will this be done in January or a year later?

[Kolodko] I would like us to be ready with this on 31 December....

[Woyciechowski, interrupting] At the end of the year. The last question. I have read in the papers today that, on Monday [9 May], the government will go to Lansk for two days, to that magnificent residence—this time not for a rest but for a session of the government. Why is the government escaping from Warsaw and hiding in the Lansk forest to hold a session?

[Kolodko] Well, I do not know....

[Woyciechowski, interrupting] Is this going to be a secret session?

[Kolodko] I think this will be done because the waiters there are not on strike. I do not know whether those residences are magnificent; I have never had the pleasure of visiting them. I will go there for the first time and in this new role of mine. Now, seriously. Prime Minister Pawlak proposed such a solution to have more time for a quiet, substantive, and lengthy discussion over this long-term strategy we are preparing. I would also like to present my concepts in greater detail. This is why we want to leave for Lansk. This was planned much earlier. The prime minister insists on this proposal. The idea is that we should go there, close the doors, as it were, and discuss issues in quiet....

[Woyciechowski, interrupting] Put aside the cellular telephones.

[Kolodko] Also the cellular telephones, which sometimes are a distraction—they make people concentrate on things outside rather than on the issues we are supposed to discuss. I think then we will know more questions. I also believe we will be able to answer some of them. Now, I also said this in the Sejm: I treat very seriously the principle of "Nothing About Us Without Us." I hope that we—my colleagues in the government and I—will be able to discuss these issues here with you and the listeners quite often. I hope we will be able to subject this to public evaluation, that we will argue and debate, until we feel pain. However, I hope we will not strike because strikes....

[Woyciechowski, interrupting] However, who will feel the pain, the ministers or the people?

[Kolodko] Well, sometimes we will all feel the pain because we will have arguments about how to distribute the effects of the growing work efficiency. Now, the process will be difficult all the time. Everyone who is involved in it will feel the pain....

[Woyciechowski, interrupting] Will everyone feel the pain equally?

[Kolodko] No, because it will be fair—fair means unequal.

[Woyciechowski] Thank you for the interview, Mr. Minister.

[Kolodko] Thank you.

Lithuanian President on Ties to Poland

WS0605132494 Poznan WPROST in Polish 8 May 94 p 57

[Interview with Lithuanian President Algirdas Brazauskas by Maria Graczyk; place and date not given: "Destination: West"]

[Text] [Graczyk] The signing of a treaty between Poland and Lithuania on friendly relations and good neighborly cooperation, is just the first step on the road to agreement.

[Brazauskas] More steps will follow shortly. Order must be finally instated at the border between our two countries—we are striving not only at reviving contacts among people, but also at facilitating the flow of merchandise. This has an enormous significance for bilateral trade and transit from the Scandinavian countries, Russia, and the Far East, to Poland and to the West. This could become a major source of revenue for both our countries.

I also appreciate the significance of cultural ties and of ordinary human interactions, I mean in particular Poles living in Lithuania and Lithuanians living in Poland. So far, there has been a great deal of talk about this but right now—after the signing of the treaty—various organizations and associations will have the opportunity to spread their wings. They will be able to solve problems concerning national minorities that have not been settled yet or to which we have not paid enough attention. The treaty creates many opportunities, and it is up to us whether we will avail ourselves of these opportunities and to what extent we will improve our mutual relations which are burdened with historical legacies. Let us not forget that we are neighbors. That creates a commitment.

[Graczyk] But both sides continue to be very distrustful of each other and old prejudices often emerge in various discussions.

[Brazauskas] We have been meeting various Lithuanian citizens so I can say we do not value enough those contacts that are already in place. While talking to Poles living in Lithuania, I have never noticed that they have any political problems. Sure, they have economic problems, like all of us. Contrary to popular views, Poles and Lithuanians live alongside each other in peace in this country and there is no hostility between them.

[Graczyk] But your optimism is not shared by many politicians on both sides of the border.

[Brazauskas] Well, unfortunately some of those politicians incite and demonize problems which would not require this much attention under normal conditions. But I have faith that President Lech Walesa's historical visit to Lithuania will establish a long-awaited foundation for calming down moods and leaving complaints behind, both in Lithuania and in Poland. For some time to come, we have to take into account the noisy presence of "great patriots" who demand the impossible.

[Graczyk] Against this backdrop, do you not fear problems with ratifying the treaty in the Lithuanian parliament?

[Brazauskas] The most difficult stage is already behind us. There should be no problem with pushing the treaty through the Seimas [parliament], especially given that two-fifths of the votes will suffice for that purpose. I am sure we will manage to gain this many votes. Demonstrations and protests cannot change anything in that regard. After all, this is also about our security.

[Graczyk] The "Partnership for Peace" proposal has recently brought back the idea of a so-called Baltic Sea-Black Sea community.

[Brazauskas] It is just one of many ideas, nothing else. I am not an enthusiast of such alliances, especially military ones. My view is that we should have a uniform system of security for our countries. But economic alliances are a different story—Baltic states already cooperate with one another very closely in many areas. So I think President Walesa will like the idea of developing cooperation between our three countries and the Visegrad group. I do not hide that we would be very interested in this kind of direction of development of our cooperation. After all, ever since we regained independence, we have been clearly saying: Destination—West.

[Graczyk] During a recent meeting of the three Baltic states' presidents in Palanga, it was said, among others, that the Polish-Lithuanian treaty should become the first step on this road.

[Brazauskas] We agreed at the meeting that we will strive at making contacts with the Visegrad Group closer. It is an area of cooperation which suits us very much. I submitted exactly this proposal to President Walesa and I think that we will debate it further in Poland shortly.

April Inflation Figures, Price Trends Viewed

WS0605133594 Warsaw NOWA EUROPA in Polish 6-8 May 94 p 1

[Report by "P.S.": "April Inflation: 2.5 Percent—The Highest This Year"]

[Text] *According to Finance Ministry estimates, inflation was 2.5 percent in April—Jerzy Chabros of the Financial Policies and Analysis Department told NOWA EUROPA. Prices on services rose the most last month.*

The 3.4-percent increase in prices for services was caused first of all by an increase in fees for central heating. Prices on food rose by 2.7 percent, prices on alcohol—by 1.5 percent, and prices on nonfood arti

cles—by 1.7 percent. The increase in inflation was higher in April than in March, but—just as in previous months—a decreasing trend was observed as the month went by. In the first 10 days of April, inflation was 1.6 percent, in the second 10 days—0.7 percent, and in the third 10 days—just 0.5 percent. Food prices—which play a determinant role in shaping the rate of inflation—rose in similar fashion. In the first 10 days of April, these prices rose by 1.7 percent, in the second 10 days—by 0.7 percent, and in the third 10 days—by 0.4 percent. According to Central Office of Statistics data, in the last 10 days of April, prices rose by 2.8 percent compared with the third 10 days of March. Prices on potatoes and vegetables rose the most, that is by 9.3 percent. The price of flour rose by just 0.5 percent, while the price of bread—by 0.9 percent.

According to Reuters, Finance Minister Grzegorz Kolodko said Thursday [5 May] that the Polish National Bank [NBP] should slow down the monthly devaluation of the zloty because the devaluation is a factor which accelerates inflation. The minister also said that there is currently no need for a rapid devaluation of the zloty. According to NBP Deputy Chairman Witold Kozinski, a slowdown in the constant devaluation is beneficial but it is too early now to implement specific measures.

Izetbegovic Sends Protest Note About Akashi

AU0605184794 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 6 May 94

[Text] Dear listeners: We have just received a copy of the letter thatAlija Izetbegovic, president of the Bosnia-Herzegovina Presidency, has sent to UN Secretary General Butrus-Ghali.

Mr. Secretary General: Your envoy for Yugoslavia, Mr. Yasushi Akashi, has, with his latest actions, destroyed the minimum of trust that is a precondition for any kind of cooperation. Our people and the international public have for a long time been witness to his strange and incomprehensible techniques in handling the basic issues of war or peace in Bosnia-Herzegovina. In our view, his conduct and decisions regarding the crisis in Gorazde are clearly contrary to the corresponding Security Council resolutions and NATO decisions. They have helped the aggressor to maintain his machine for killing people and destroying cities. In granting permission to Karadzic's Serbs yesterday to allow the passage of tanks through the zone strictly forbidden for heavy arms, and securing an escort for these tanks to be moved to new positions, Mr. Akashi has effectively sided with the aggressor. I am sure that no well-intentioned person, including his closest associates, can understand or explain Mr. Akashi's conduct. It is no wonder that the Serbs are ignoring the decisions of the international community if its official representatives fail to observe them. The result of such conduct is an endless continuation of the war, which has entered its third year in this region, and an increasing remoteness of any chances for peace.

Mr. Secretary General, it is my duty to inform you that these reasons make it impossible for the Bosnia-Herzegovina Government to continue to cooperate with Mr. Akashi.

Respectfully yours, Alija Izetbegovic

Serbs Praise Akashi

LD0705121694 Belgrade TANJUG Domestic Service in Serbo-Croatian 1118 GMT 7 May 94

[Text] Jagodina, 7 May (TANJUG)—Momcilo Krajisnik, president of the assembly of the republic of Srpska, told Radio Jagodina today that Yasushi Akashi, the UN secretary general's special envoy, is a man of peace and an esteemed diplomat and that it is for this reason that the Muslims consider him unsuitable.

"All diplomats and soldiers who have been objective and unbiased in their quest for peace in these parts have been branded as undesirables by the Muslims, who demanded their dismissal," Krajisnik said. He stressed: "It is certain that the Muslim government is backed and instigated by the United States in its demand for Akashi's removal."

"To claim that Akashi has sided with the Serbs is an abhorrent lie," Krajisnik said. Although he is undoubtedly one of those responsible for the bombing of Serb positions around Gorazde, in our books he is not among those most responsible. That is why we are certainly not in favor of his dismissal, and I hope that this will not happen," Krajisnik said.

UN Official Defends Akashi

AU0805154494 Paris AFP in English 1147 GMT 8 May 94

[Text] Sarajevo, May 8 (AFP)—A senior UN official met Bosnian President Alija Izetbegovic Sunday [8 May] and defended a controversial decision by UN envoy Yasushi Akashi to allow Bosnian Serb tanks to transit through a NATO exclusion zone around Sarajevo. Sergio de Mello, UN civil affairs coordinator for ex-Yugoslavia, told reporters after the meeting that the agreement on the tank movement reached by Akashi Tuesday [3 May] with Bosnian Serb leaders was made "in the context of a rather complex and long negotiation."

De Mello said he was "not in Sarajevo to admit mistakes," but declined to provide details of his discussions with Izetbegovic, who has demanded Akashi's dismissal over the issue. Since Akashi agreed to allow seven Serb tanks to pass through the NATO-enforced 20-kilometre (12-mile) exclusion zone around the Bosnian capital, five have transited to the Trnovo region south of the city, a sixth has been blocked by UN troops near the Serb-held suburb of Lukavica and a seventh has gone missing in Serb-held Grbavica, close to the city centre.

The Bosnian authorities, angered by Akashi's decision, have written to UN Secretary-General Butrus Butrus-Ghali asking him to sack Akashi, and have said they will refuse to cooperate with the envoy any longer. UN peacekeeping officials in Sarajevo were also dismayed at the decision.

De Mello said he would "certainly not" replace Akashi in subsequent dealings between the United Nations and the Bosnian authorities. Meanwhile, soldiers of the UN Protection Force (UNPROFOR) continued searching for the missing Serb T-34 tank, UNPROFOR said in a statement early Sunday. A UN source said on Saturday that the tank was probably hidden in a large building such as a barn or a warehouse in or near Grbavica. The concession for Serb tanks to pass through the Sarajevo exclusion zone was "not the only event that may have slowed down the peace process in recent times," De Mello said.

It was "perhaps not the most striking of the setbacks" suffered by the peace process, and mediators were hoping to resolve "other chronic problems," citing the situation in the eastern Moslem enclave of Gorazde, the northwestern Bihac region and "other hot-spots." His talks with Izetbegovic had covered the situation in Gorazde where there remained "some seemingly minor but in fact very important differences" to resolve,

notably the withdrawal of Bosnian Serb forces, "especially the Serb militia," from the three-kilometre (two-mile) exclusion zone.

Izetbegovic again insisted on full Serb compliance with NATO ultimatums and exclusion zones as a prior condition for agreeing to a country-wide ceasefire.

UN Loses Serbian Tank Near Sarajevo

AU0605193694 Paris AFP in English 1927 GMT 6 May 94

[Text] Sarajevo, May 6 (AFP)—A Bosnian Serb tank disappeared from UN surveillance Friday [6 May] less than a kilometre (half a mile) from the centre of Sarajevo while travelling from the Serb stronghold of Pale to barracks at Lukavica, on the capital's outskirts, a UN military source said. The source said the tank disappeared close to Grbavica, a downtown suburb held by the Serbs, in the exclusion zone around Sarajevo in which the United Nations has banned heavy weapons.

UNPROFOR 'Embarrassed'

AU0705141294 Paris AFP in English 1312 GMT 7 May 94

[By Pascal Barollier]

[Text] Sarajevo, May 7 (AFP)—The UN Protection Force [UNPROFOR] Saturday [7 May] again appeared out-manoeuvred by Bosnian Serbs after losing sight of a Serb tank on the slopes above Sarajevo, little more than a kilometre (mile) from the city centre. UN sources admitted late Friday that the tank, the last of seven to pass through the Sarajevo exclusion zone as a concession by UN envoy Yasushi Akashi, had escaped the surveillance of UN military observers (UNMO) as it approached the Serb-held suburb of Lukavica.

The disappearance of the tank was "intolerable," UNPROFOR spokesman Eric Chaperon said at a morning briefing. Another UN military official, speaking unattributably, said: "This is farcical, to put it mildly."

The UNMOs lost track of the tank around 7:30 p.m. (1730 GMT) three kilometres (two miles) south of the inner suburb of Grbavica, Chaperon said. The tank's escape was "a clear violation" of the February 9 ultimatum by the North Atlantic Treaty Organisation ordering Serb heavy weapons to a distance of 20 kilometres (12 miles) of the city centre.

"The exclusion zone is still in force and the tank represents a threat to the city," Chaperon said. The military official said the UNMOs had "seen the tank-transporter travelling empty in the return direction and deduced that the tank had been unloaded at Grbavica." "What is certain is that the tank did not go through the checkpoint at Grbavica and that it is therefore somewhere inside the city," the official said.

The ongoing fiasco over the Serb tanks was triggered by Akashi's concession to Serb leaders in Pale last Tuesday allowing them to transit through the exclusion zone under UNPROFOR escort. The deal has "embarrassed" UN officials here and exposed serious disarray in the UNPROFOR operation in Bosnia-Herzegovina. Failures of communication between UNPROFOR headquarters in Zagreb and officials in Sarajevo led to conflicting statements by UN spokesmen as the Serbs exploited the situation by sending their tanks into the zone without prior notification.

Early Friday, as spokesmen in Sarajevo announced the scheduled transit of two more tanks, the last of those initially announced, Akashi in Zagreb said he was reversing his decision as he felt he had been "deceived by the Serbs." The Serb tanks proceeded anyway, without notification. One was blocked at Lukavica and the other, which left from Pale late Friday, escaped the attention of the UNMOs "somewhere near the bobsleigh slope" that overlooks the city, Chaperon said. He blamed "poor visibility" and said the UNMOs were slowed by the Serb escort that was following the tank. "This is a problem of communications relating to the UNMOs. It's the UN system taken to absurd lengths, since they don't report to UNPROFOR but directly to New York," a UN officier said on condition of anonymity. "In addition the UNMOs move in groups of two, they are a mixture of nationalities, and sometimes they don't understand each other."

Akashi's initiative has allowed Serb military commanders to expose serious communications problems between Sarajevo, Zagreb and now New York. It has angered the Bosnian Government, which considers the UN envoy has given a military advantage to the Serbs and is demanding Akashi's resignation.

It also prompted a rare public rebuke Friday from the U.S. State Department, which said the Japanese diplomat had erred and that Washington had made down "our very strong concerns" to the UN secretariat.

The Serbs now have four tanks within the NATO exclusion zone, two known to be at Hadzici and one at Osijek, in Sarajevo's outer suburbs, and a fourth near the city centre which, Chaperon said, "we cannot locate."

Izetbegovic Meets With UN Official de Mello

LD0805225894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2000 GMT 8 May 94

[Text] Alija Izetbegovic, president of the presidency of Bosnia-Herzegovina today received Sergio de Mello, head of the UNPROFOR [UN Protection Force] sector for civilian affairs. They discussed the situation in Gorazde, Sarajevo, and some other locations in Bosnia-Herzegovina, and in particular the respect for adopted UN documents and their implementation on the ground.

After the talks they briefly met with reporters. Here is a report by Arijana Barukcija:

[Begin Sergio de Mello recording, in English with superimposed translation into Serbo-Croatian] We have just ended a lengthy and detailed exchange of views with President Izetbegovic. These talks came after the meeting with Prime Minister Siljadzic in Vienna yesterday morning and the meeting with Karadzic in Pale last night. As we had planned, we discussed some very difficult and urgent matters. These obviously included the problem of the passage of tanks through the 20km exclusion zone around Sarajevo, the question of Gorazde, and some other seemingly small, but, in fact, very important difficulties, which need to be resolved. I even held talks with a representative of the Bosnian Serb forces about the withdrawal from the three km zone. (We also discussed) the problem of a possible, but very difficult return of refugees in conditions where heavy weapons are still present in the 20km zone around Gorazde, something that we still cannot confirm. [sentence as heard]

We also discussed the situation in Brcko. You know that we deployed a certain number of observers there yesterday and today. I informed President Izetbegovic about the agreement on this area, and also about the proposals by the Bosnian Serb army on a cease-fire in the Posavina corridor. We also discussed some other important issues, such as the freedom of movement within and out of Sarajevo as a result of the agreement signed at Sarajevo airport on 17 March, where he, himself, was present. These are the basic questions we discussed with President Izetbegovic yesterday and this morning. [end recording]

President Izetbegovic also commented on the talks.

[Begin Izetbegovic recording] Yes, we discussed exactly what Mr. de Mello said. As regards the mistakes made here in the Sarajevo exclusion zone, we adhere to our position. We demand that the UN control the behavior of the Serbs in the Sarajevo zone more effectively than has been the case so far. As regards Gorazde, of course, we insist on the removal of all armed individuals, whether they wear blue or green uniforms on the Serb side. They must be removed from the three km zone so that our people can return there. In that respect we still have had no reply. As I understood, Mr. de Mello is expecting an (answer) today. We will see what happens. We will, of course, continue to insist on this. This is the minimum level of justice that we expect in Gorazde. Our people have been squeezed into a very narrow, small area on the left bank of the River Drina. The Serb side will try to settle their population there. This has to be prevented by all means and to protect the parts where the Muslim population live in the Gorazde area.

It would be positive if the situation in Brcko were to calm down. We do not want any war, any fighting there. They have made contact with our local commanders in the area. General Hazim Sadic [2d Corps commander] informed us about this initiative. We said they should inform us here about the initiative and we will then give them a definite answer on what else could be done in the Brcko area. [end recording]

Karadzic Rejects Federation, Wants Serbian State

AU0905100194 Belgrade BORBA in Serbo-Croatian 4 May 94 p 2

[Report by Dj. Palcevic: "Brilliant Victory in Gorazde"]

[Text] Uzice—An interview with Radovan Karadzic, president of the Srpska republic, was published in the Labor Day edition of VESTI in Uzice. Asked by Vitomir Tomic, the news editor of VESTI, what the next steps of the Srpska republic or their enemies were, Karadzic answered:

"Our steps will include strengthening our positions and lines. We shall prepare ourselves for defense. As far as the steps of our enemies are concerned, they will start an offensive from a protected area, such as Tuzla or Bihac, or, for example, an attack against the Serbian corridor. We shall defend ourselves for a time, and then we shall openly threaten them with a counteroffensive, as was the case with Gorazde. If we start a counteroffensive, the international community will mourn the Muslims. They, on the other hand, will complain and ask the whole world to save them and create a state for them. The victory in Gorazde is a brilliant victory for our army and our people. Based on the Gorazde crisis, in which we showed our superiority, the world must conclude that quick steps toward peace have to be taken. It seems to me that the value of this victory lies in the fact that we succeeded in showing the world that the Muslims are not able to conquer new territories. If the United States gets involved, it will become one of the warring factions, just as it was in the Vietnam war. The world has to decide whether it is more important to help the Muslims or to establish peace."

As for the immediate and long-term aims of the Srpska republic, its leader Karadzic said that the immediate aims were to defend the borders and obtain recognition, and that the long-term aim was to become a part of Serbia.

"We do not want to establish a Serbian federation. We think that a future Serbian state has to be unitary. It should consist of districts and should never again enter such a federation as could put its existence at stake. The present leadership and this generation of the people in the republic of Srpska has absolutely no inclination toward autonomy. We want to be Serbia. It can happen that the republic of Srpska is independent for a time, but it will be in a federation with Serbia. This only because the international community cannot accept that Serbia, accused of aggression, has won a war in which it did not even participate. The international community does not want to accept "a greater Serbia," as they call it. If we are forced to live in a federation with Serbia looser than planned for a year or two, this will not change our long-term aim in any way.

Karadzic Announces Trial of French Aid Workers

AU0605193094 Paris AFP in English 1904 GMT 6 May 94

[Text] Sarajevo, May 6 (AFP)—Eleven French aid workers held by the Bosnian Serbs for a month are to go on trial next week accused of arms smuggling on behalf of the mainly Moslem Bosniam army, Bosnian Serb leader Radovan Karadzic said Friday [6 May]. Karadzic told a French official at the Bosnian Serb headquarters in Pale near Sarajevo the 11 would be tried together, according to a French source. (In Paris, the French foreign ministry confirmed the meeting with Karadzic and again called for the volunteer workers' release.)

The Serbs had earlier indicated only three of the men with the non-governmental organisation Premiere Urgence (First Aid) would face trial on Sunday while the other eight would be released. The 11 are being held near the Serb barracks at Lukavica, an important Serb military base just five kilometres (three miles) outside the Bosnian capital. French Foreign Minister Alain Juppe has said the aid workers are the victims of Serb "manipulation" and described the 11 as "hostages." Paris has sent foreign ministry secretary general Bertrand Dufourcq to Belgrade to demand the workers be released, as it believes the Serbian government could hold the key to their fate.

France Condemns Detention

AU0805182294 Paris AFP in English 1809 GMT 8 May 94

[Excerpts] Paris, May 8 (AFP)—French Foreign Minister Alain Juppe Sunday termed an extension of the detention of 11 French aid workers by Bosnian Serbs "unacceptable." [passage omitted] In Paris, Juppe said in a statement that the French Government held the authorities of the rump Yugoslavia (Serbia and Montenegro) responsible for the detentions on an equal footing with the Bosnian Serbs. Paris "continues to demand the immediate and unconditional release of all our compatriots," he said, adding that "that is the message that has been transmitted directly to the Serb authorities" by Bertrand Dufourcq, the permanent secretary of the Foreign Ministry, who was visiting Belgrade.

Krajisnik Says Attack on Brcko Would Start War

LD0705155694 Belgrade TANJUG Domestic Service in Serbo-Croatian 1450 GMT 7 May 94

[Text] Novi Sad, 7 May (TANJUG)—We will accept no compromise on Brcko under any conditions and any pressures, because the corridor in that area "is the main artery in the blood system of the entire Serb nation," Momcilo Krajisnik, president of the republic of Srpska assembly, said in an interview for tomorrow's issue of DNEVNIK of Novi Sad.

"An attack by Muslim-Croat armed forces on the corridor in the Brcko area would be the end of all peace initiatives and war would break out with all ferocity and with unforeseeable consequences," Krajisnik said. He stressed that the conflict in the Brcko area could be effectively prevented by reaching a global peace in former Bosnia-Herzegovina, and certainly not by proclaiming Brcko a safe area.

"For days, efforts have been made to make the whole of the world public believe the disgusting lies broadcast by West European and U.S. media that Brcko is allegedly a Muslim town, and that the Serb army is allegedly preparing an attack on Brcko. All this is aimed at proclaiming Brcko a safe area so that the Security Council can insist on the demilitarization of Brcko under the threat of violence," Krajisnik stressed. "We must warn the world public that Brcko is in Serbian hands because it has a Serb, and not a slim, majority. That is why the Serbian side will at no cost allow its units in the Brcko area to be disarmed because, by doing this, they would allow the noose prepared by Western strategists to be put around their neck. This would cut the corridor for both Krajinas [in western Bosnia and in Croatia], that is for the republic of Serb Krajina and the republic of Srpska, or more precisely, its western part—the Banja Luka Krajina," the president of the republic of Srpska assembly stressed.

Krajisnik recalled that a session of the republic of Srpska assembly will be held in Brcko on 10 May, in order to "prove to the whole world that Brcko is a Serbian town and that it will remain Serb."

Bosnian Croat Commander Threatens Brcko Attack

LD0705131594 Belgrade TANJUG in English 1233 GMT 7 May 94

["Pool" item]

[Text] Brcko, May 7 (TANJUG)—Commander of the Bosnian Croat Army in northern Bosnia-Herzegovina confirmed on Saturday [7 May] that joint Moslem-Croat forces were preparing an attack on the Serb corridor in the north of this former Yugoslav republic.

"The Serb corridor through (the region of) Posavina must not exist and its capture is the only objective of Croats and Moslems," Djuro Matuzovic, Bosnian Croat force commander for the area of orasje in northern Bosnia-Herzegovina, told the local Croatian radio. "If this is not resolved politically, we soldiers expect an order which we shall carry out," Matuzovic threatened.

Bosnian Moslems and Croats have lately been concentrating strong forces towards the Serb town of Brcko which is situated in the narrowest part of the corridor which links eastern and western parts of the Bosnian Serb Republic. This was confirmed on Friday also by two members of the 108th Brigade of the Bosnian Croat Army, the so-called Croatian Defence Council HVO,

which is deployed in the Posavina region. The two soldiers deserted and surrendered to Serb units with the explanation that they did not wish to take part in the upcoming attack on Serbs.

Serb military sources said in Brcko on Saturday that the Croat soldiers also gave a series of facts which prove that preparations for a Moslem-Croat offensive in the region of Posavina were proceeding unabated. According to these men, machinery and equipment have been massively mobilized from private enterpreneurs in order to step up the preparations for the offensive.

Bosnian Moslem Army Commander Rasim Delic also said on May 2 that units under his command were preparing an offensive on Brcko in order to cut through the Serb corridor. The Serb side has reached agreement with representatives of the U.N. Protection Force (UNPROFOR) on the deployment of U.N. observers in the area of Brcko and offered a truce in that region which it said its forces would carry out unilaterally even if the Moslems refused to accept it.

Moslems on Friday called off talks between military commanders of Bosnian Moslem and Serb forces on a cease-fire on the Brcko front, which had been scheduled for Saturday.

Muslims Cancel Meeting on Brcko Cease-Fire

LD0605201894 Belgrade TANJUG Domestic Service in Serbo-Croatian 1946 GMT 6 May 94

[Text] Belgrade, 6 May (TANJUG)—The Muslim Government has cancelled the meeting between the commander of the 2d (Tuzla) Corps of the Muslim forces and the commander of the eastern Bosnian corps of the republic of Srpska army, scheduled for tomorrow—the information service of the main headquarters of the republic of Srpska army announced this evening. According to a statement by the information service, Colonel Engelen, the chief of staff of the UNPROFOR [UN Protection Forces] command for the northeast, who mediated in the organization of the meeting, today sent the following letter to Major General Novica Simic, the commander of the eastern Bosnian corps of the republic of Srpska army:

"1. Although General Hazim Sadic, commander of the 2d Corps of the Bosnian Army, wants to meet you as soon as possible, his government has ordered him to cancel his earlier acceptance of the meeting. This will be dealt with at the highest level.

"2. This is why we suggest that the meeting scheduled for 1300 on 7 May be postponed until further notice."

The information service statement, also forwarded to TANJUG, says that "this latest refusal to negotiate on the part of the extremist Muslim leaders in Sarajevo clearly shows that they are in favor of the war option, that they want to procrastinate with the negotiations as long as possible, and that they will not give up on the planned and prepared offensive against the town of Brcko and Serbian Posavina."

As Gen. Simic told TANJUG today, the talks were to focus on a cease-fire on the Brcko battlefield, exchange of prisoners, the unhindered passage of civilians, and the establishment of the so-called hot line.

Serbian Commander on Need To Maintain Corridor

LD0805113394 Belgrade TANJUG in English 1119 GMT 8 May 94

[Text] Novi Sad, May 8 (TANJUG)—Major-General Novica Simic, commander of the East Bosnia Corps of the Bosnian Serb army, has said that the Serb corridor must not be jeopardized, let alone cut, at the Serb town of Brcko because it is the lifeblood of the Srpska republic. Bosnian Moslems and Croats have been amassing strong forces towards Brcko these days. The town of Brcko is located in the narrowest section of the corridor which links eastern and western parts of the Srpska republic.

In an interview to the Novi Sad daily DNEVNIK on Sunday, Major-General Simic reiterated that "Brcko is a Serb town and if anyone should secure and defend it, it is the Bosnian Serb Army," adding that the scenario prepared for Sarajevo and Gorazde was not applicable to Brcko. "We hold Brcko, as well as the corridor, and there is no price for which we shall allow the corridor to fall into Moslem hands," the major-general was adamant.

It is evident that the Moslem leadership wants a repetition of the "Gorazde incident" so that the Moslem Army could break through to the River Sava unhindered and cut the corridor with the help of the United Nations Protection Force (UNPROFOR) and the North Atlantic Treaty Organization (NATO), Major-General Simic said. Brcko is not Gorazde, he warned, the Bosnian Serb Army is preparing to counter any possible attacks.

More UN Observers Deployed in Brcko

AU0805160594 Paris AFP in English 1402 GMT 8 May 94

[Text] Tuzla, Bosnia-Herzegovina, May 8 (AFP)—Sixteen UN military observers have deployed in the northeastern Bosnian town of Brcko, the UN Protection Force (UNPROFOR) announced Sunday [8 May], but Serbs forced another team in nearby Zvornik to leave. A spokesman for UNPROFOR's northeastern sector, Captain Jens Kirk, confirmed the deployment of 16 observers at four observation posts near the front lines of the Bosnian Serbs, who hold the town, in line with an agreement reached earlier this week with local Serb authorities. Their presence is aimed at averting fighting in a strategic corridor linking Serbia with territory held by the Bosnian Serbs in Croatia and northwestern Bosnia.

A UN official said the team in Zvornik, on the Drina River border with Serbia, had been forced to leave Saturday by Serb forces. Swedish General Gunnar Ridderstad, commander of UNPROFOR forces in northeastern Bosnia, told AFP the withdrawal threatened to disrupt observation of traffic through the town, a key entry point into the Brcko corridor. He confirmed that Bosnian Serb forces had been blocking the route from Tuzla to the Moslem enclave of Srbrenica, a UN "safe area", since April 29.

"The situation is not desperate, as some convoys could still come through from Belgrade, but it is getting worse every day," he said. He said the blockade followed Danish retaliation against a Serb attack in which Danish tank gunners killed nine Serbs and wounded four. According to unconfirmed reports from both Serb and mainly Moslem Bosnian sources, the two sides have been sending reinforcements to the corridor ahead of an expected new, large-scale offensive.

Serbian Assembly To Convene 10 May in Brcko

AU0805151694 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 8 May 94

[Text] The peoples' assembly of the Srpska republic will hold a session in Brcko on Tuesday, 10 May. For the time being, the agenda of the 40th session of the republic of Srpska assembly is not known. The assembly commissions will meet a few hours prior to the commencement of the assembly's work.

UN Resolution 'Dead Letter' in Gorazde

AU0905110694 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 9 May 94

[Report by Mustafa Kurtovic from Gorazde]

[Text] The UN resolution and the NATO ultimatum represent only a dead letter on the paper and the flagrant deceit by the international community that the civilian population of the free territory of Gorazde will be protected. Nothing contained in the decisions adopted by the Security Council and NATO has been respected in the free territory of Gorazde. A real hell reigns here. Is indeed a pity that reputable world press and television agencies have not come here to film the suffering of the unarmed people.

The attempts by the citizens from local communities and the villages of Kopaci, Uvjeri, Vran Potok, Causevici, Kazlagici, Zubcici, Zuzevo, Milanovici, Brijez, Pticino Polje, and other areas in the 3 km zone to return to their houses have all been in vain.

The evacuation of the seriously wounded children has not been going according to plan either. We do not know whose mistake it was, but a three-year-old boy, Adnan Azovic, was not on the list of those evacuated to a modern hospital. He is seriously ill. Permission for his evacuation was obtained a year ago and yet he is still in Gorazde. His parents have medicines, [name indistinct] for only two more days. This medicine means life to him. If he is not evacuated, his childhood will end forever. Therefore, we again appeal to UNPROFOR [UN Protection Force] and all international medical organizations to secure the evacuation of the seriously ill children from Gorazde.

UN Preparing To Withdraw From Enclaves

AU0705190594 Paris AFP in English 1827 GMT 7 May 94

[Text] Sarajevo, May 7 (AFP)—UN aid officials are preparing to withdraw staff from Serb-held areas in Bosnia, including three Moslem enclaves, due to the threat of NATO air strikes, according to an internal memo seen by AFP Saturday [7 May]. The UN refugees' office (UNHCR) memo, marked "confidential," warns that the threat of air strikes is "ever present," and says that such action could trigger Serb retaliation, including kidnapping of UN aid personnel. "We believe that until the present circumstances change, UNHCR should suspend operations in Bosnian Serb held areas and in the three eastern enclaves," it said, referring to Gorazde, Srebrenica and Zepa.

A UNHCR official here, asked about the memo, confirmed its existence and said the aid agency was "preparing" its withdrawal from the three enclaves and Serb-held territory "for the safety of staff on the ground." The official asked not to be named.

The memo, dated Geneva May 4, said: "There is believed to be an ever present possibility of NATO air strike on Bosnian Serb targets, moreover without advance warning or ultimatum."

"UNHCR staff in Bosnian Serb territory, whether stationed in offices or driving convoys, are therefore facing an ever present risk of retaliation either through direct targeting or by being taken hostage."

The memo, the authors of whom were not clear, says the recent standoff between the Serbs and North Atlantic Treaty Organization showed the limits of the UN Protection Force in defending aid staff. "This means that UNHCR would withdraw its staff from Banja Luka, Pale and the enclaves with the possible exception of Gorazde at least for the time being and that it would no longer run convoys through Bosnian Serb territory."

"This is a question of 'force majeure,'" it concluded.

The UNHCR memo said aid convoys into the three enclaves could continue to be accompanied by UN Protection Force troops.

Croat-Muslim Talks on Federation Continue

AU0905083894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0800 GMT 9 May 94

[Text] The talks with the Croatian delegation on the implementation of the constitution of the Federation of Bosnia-Herzegovina are continuing in Vienna. Talks are being held on the borders, the number of cantons, the distribution of the ministries in the government, and the posts in the federation. The course of the talks has so far been marked by rapprochement in all spheres, but, considering that these are very sensitive issues, they will require longer and more patient talks. A more specific agreement on the distribution of ministries in the government and the posts in the federation is expected after the conclusion of the talks on the cantons.

Abdic Views Bosnian Muslim-Croat Federation

94P20707B Belgrade BORBA in Serbo-Croatian 6 Apr 94 p 14

[Editorial Report] Under the title "We Would Join New Federation Only With the Republic of Srpska" the Belgrade daily BORBA publishes in its 6 April issue an interview with Fikret Abdic, leader of the self-proclaimed autonomous region of western Bosnia, conducted by reporter Nena Ivankovic.

Asked to give his opinion of the "'new marriage' of the Croats and Muslims in former Bosnia and Herzegovina" and whether the the autonomous region of western Bosnia would join that federation, Abdic states that "every effort leading to the ultimate objective, a lasting peace in Bosnia-Herzegovina, deserves praise. Thus, I praise the recent Washington agreement between the Muslims and the Croats, provided that it is not another Croat-Muslim coalition aimed against the Serbian people." When asked whether the autonomous region of western Bosnia would join the Muslim-Croat federation, Abdic responded: "We'll wait and see the Serbian reaction. If the republic of Srpska joins this federation, which I personally doubt, the autonomous region of western Bosnia would become part of that federation. However, I personally think that the European Union peace plan will be reactivated. Perhaps it will be modified a little, and adapted to the U.S.-Russian plan."

In response to Ivankovic's observation that it appears that the "great powers" are recommending the "restoration of some new Yugoslavia," Abdic states "we all must realize one thing: Economic reintegration of the former Yugoslavia must happen. It must, because it is in the interest of all the peoples, not just one. It appears to me that the sides are moving in that direction. To be sure, too much blood has been spilled. It will be hard to restore mutual trust, but I think it will be restored. The Serbian-Croatian agreement on the normalization of relations is the first link in the chain of a return to mutual trust. The restoration of a new Yugoslavia is, therefore, possible, but only in an economic form; politically, it certainly is not."

Izetbegovic, Iran's Velayati Comment After Talks

LD0705220694 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2000 GMT 7 May 94

[Text] [Announcer] For the first time since the beginning of the aggression against our country, a delegation of the Islamic Republic of Iran visited Sarajevo today. The delegation, headed by 'Ali Akbar Velayati, was received by president of the Bosnia-Herzegovina Presidency, Alija Izetbegovic. Senada Cumurovic reports:

[Cumorovic] President Izetbegovic was the first to address the reporters after the talks, saying that the visit of the Iranian delegation would have taken place earlier if UNPROFOR [UN Protection Forces] had enabled it, and stressing that Iran was one of the first states to recognize Bosnia-Herzegovina.

[Begin Izetbegovic recording] We must point out that the course of our struggle for freedom would have been different and less successful without Iran and its aid. Iran has given us great support and aid, and it is continuing to do so today. You are aware that Iran has also offered its military aid, which was turned down by UNPROFOR. I am sorry to say that it was easier for them to witness the destruction of Gorazde and the murder of the people in Gorazde than the presence of Iranian soldiers. Why? Those who refused to accept several thousand Iranian soldiers in the ranks of UNPROFOR could explain this. We of course cannot understand this, as well as many other things.

Our representatives recently visited Teheran. As you know, our deputy premier was recently in Teheran as well as the Bosnian minister of defense, and they made certain deals there. [end recording]

[Announcer] The Iranian foreign minister also mentioned the lack of will by UNPROFOR to enable the visit of the Iranian delegation to Sarajevo. However, as this has taken place now, here are Mr. Velayati's impressions after the talks.

[Begin Velayati recording in English, with superimposed Serbo-Croatian translation] We admire the people and the government of Bosnia-Herzegovina for offering such resistance to the Serb aggression. The Islamic Republic of Iran is trying to help with humanitarian aid. Bilateral issues, the main areas of cooperation and the current situation regarding the resolution of the Bosnian issue were discussed during the talks. [end recording]

[Announcer] Minister Velayati said the Washington agreement between Bosnia and Croatia was positive. This is what Velayati said in connection with the activities of the Islamic Conference Organization [OIC].

[Begin Velayati recording in English, with superimposed Serbo-Croatian translation] As an active member of the OIC's contact group we have resumed our efforts to organize the Islamic states. We are also insisting on our demand to send troops here. We are prepared to send 10,000 soldiers under the UN flag, but we have not

received any logical and acceptable response from the United Nations. [end recording]

Talks on Return of Refugees Held in Sarajevo

AU0705160594 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 6 May 94

[Text] A roundtable discussion with the topic: The Right of Displaced Persons and Refugees To Return, which was held in Sarajevo today, gathered numerous government ministers, representatives of the UN High Commissioner for Refugees and of the Army, experts, and public personalities who discussed a possible return of 1.5 million refugees from Bosnia-Herzegovina. We will look into this extremely important topic in more detail in the supplement to the evening newscast.

Muslims Reportedly Burn Down Croatian Church

LD0805165694 Belgrade TANJUG Domestic Service in Serbo-Croatian 1539 GMT 8 May 94

[Text] Srbobran, 8 May (TANJUG)—Serbian military sources in Srbobran (former Donji Vakuf) said today that a Catholic church in the nearby Croatian village of Drvetine near [Muslim-held] Bugojno was set on fire by Muslims last night. The church in the village, currently held by the Muslims, was burned down. The radio of the Croat republic of Herceg-Bosna has reported that there are still no reports of the whereabouts of 26 Croatian intellectuals arrested and taken away from their homes by the Muslim authorities over nine months ago.

'Fierce' Muslim Attacks on Serbs in Doboj Area

LD0805190594 Belgrade TANJUG in English 1858 GMT 8 May 94

[Text] Doboj, May 8 (TANJUG)—Bosnian Moslems on Sunday renewed small arms and mortar attacks on Serb localities and positions in the north of war-torn Bosnia-Herzegovina, the Bosnian Serb army said in a statement. The attacks were especially fierce around the town of Doboj—situated in the corridor linking the eastern and western parts of the Bosnian Serb republic—which was the target of Moslem small arms and anti-aircraft guns fire, the statement added.

Bosnian Moslem and Croat military commanders have publicly nconfirmed they are preparing a joint offensive aimed at cutting the Serb corridor in northern Bosnia. Heavy Moslem attacks were also reported on Sunday on the front near Teslic. The Moslem attacks stopped when the Bosnian Serb army returned fire in order to defend the Serb settlements and the lives of Serb civilians in the area, the statement said. Strong Moslem small arms attacks were reported along the demarcation lines on the Ozren-Vozuce front, also in northern Bosnia.

The Moslems intensified their mortar, small arms and A-A guns provocations on the [words indistinct] in central Bosnia.

Serbian Attacks Reported in Bihac Region

AU0905085894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0800 GMT 9 May 94

[Report by Mirza Sadikovic]

[Text] The artillery attacks by the joint aggressor on the Bihac region continued last night and this morning. Karadzic's fascists sporadically shelled the outskirts of Bihac, and the lines of defense on the Grmusko-Srbljanski plateau and Grabez, where they used anti-aircraft weapons and heavy machineguns. Several howitzer shells landed on [name indistinct] Jezero, and Gornji (?Srbljak). The chetniks were also active in the Buzim and (?Bosanska Krupa) region. Members of the Kladusa traitor paramilitary army have not been quiet either. Early this morning, they shelled the Trzac area, Svilaja, and Pecigrad in the Cazin commune, and Todorovo. They (?have not) tried infantry attacks.

Martic Rejects Krajina Integration With Croatia

LD0805165994 Belgrade TANJUG Domestic Service in Serbo-Croatian 1338 GMT 8 May 94

[Excerpts] Kragujevac, 8 May (TANJUG)—The Serbian people will on no account allow any threats to the territorial link between the Serb lands, despite our lasting commitment to peace and a political solution, Milan Martic, president of the republic of Serb Krajina, told "The Hallmark of the Times" program of Kragujevac radio. [passage omitted]

Asked why the talks between the republic of Serb Krajina and Croatia had been delayed and when they will resume, Martic said: "This is not up to us. We insist that the talks take place at a neutral venue and on equal footing for both sides. The condition for continuing the talks is the removal of Paragraph 12 of the UN Security Council Resolution 820, relating to exports and imports. Making any concessions to Croatia, even when it comes to transport links, is out of the question unless we are treated equally. Gaining transport links would mean nothing to us if we cannot export or import goods, and for that it is necessary to remove Resolution 820."

Asked to comment on the increasingly frequent statements by western and Croatian politicians about the reintegration of the republic of Serb Krajina into Croatia, with a high degree of autonomy, Martic said: "These are merely their wishes." He added: "We are convinced we are fighting for the survival of the Serb people and we will persist in it to the very end."

"We will not give in on our basic demand—the right to self- determination of our people, as guaranteed to all other peoples in the world."

Valentic, Velayati Favor Cooperation With B-H

LD0705214194 Zagreb Radio Croatia Network in Serbo-Croatian 2000 GMT 7 May 94

[Text] The implementation of the Washington Agreement was one of the topics discussed at the talks in Zagreb this evening between Croatian Prime Minister Nikica Valentic and Iranian Foreign Minister 'Ali Akbar Velayati, who was accompanied by the Deputy Majles Speaker Nateq-Nuri. After the talks, the two ministers made statements. Albino Cehic has a report.

[Begin Velayati recording, in English with superimposed translation into Serbo-Croatian] We have already concluded very friendly talks with his excellency the prime minister of Croatia, and we are happy that, less than a week after his visit to Iran, we had an opportunity to come to Croatia to implement what we signed in Tehran. This evening we remembered what we signed and, in addition to bilateral relations, we would like to include Bosnia as well, in order to establish tripartite cooperation between Iran, Bosnia, and Croatia. [end recording]

[Cehic] This evening's meeting is also important because we have just come back from Sarajevo where we had useful talks with the Bosnian leaders and Alija Izetbegovic. We hope that Croatia and Bosnia will find a way to implement the agreement they signed recently. I believe that the future of Croatia and Iran, Minister Velayati stressed, lies primarily in the strengthening of bilateral cooperation between our and your country. Prime Minister Valentic had the following to say to reporters:

[Begun Valentic recording] This is the continuation of the very concrete talks we began in Tehran, primarily on bilateral relations, and, even more importantly, on tripartite relations between Bosnia-Herzegovina, Iran, and Croatia. I think that very soon our three countries will form a joint economic commission, in order to make joint appearance in the world—especially, as I have already said, in Islamic countries where we believe that mixed Bosnia-Herzegovina and Croatian companies can obtain considerable financial projects.

In the same way, Iran's help and support are important in the implementation of the agreement on the [Muslim-Croat] federation. We agreed that the federation is important, primarily for Muslims and Croats in Bosnia-Herzegovina, for Bosnia-Herzegovina as a state, but also for Croatia as a directly interested neighboring state, and a state which is concerned about its people in Bosnia-Herzegovina, and it is also important for Iran as a state. Croatia attaches great importance to that, and we will continue developing bilateral and tripartite relations. [end recording]

Granic Meets Velayati

LD0705094394 Zagreb Radio Croatia Network in Serbo-Croatian 0900 GMT 7 May 94

[Text] The Croatian delegation headed by Mate Granic, deputy prime minister and foreign minister, left for Vienna today for the resumption of the talks on the implementation of the Washington agreement. The talks at the U.S. Embassy will also be attended by the Bosnian Muslim delegation headed by Prime Minister Haris Silajdzic and a delegation of Bosnia-Herzegovina Croats headed by Kresimir Zubak, president of the presidential council of the Croat Republic of Herzeg-Bosna. Prior to his departure for Vienna, Minister Granic said he hoped agreement would be reached on the further implementation of the Washington agreement.

Before leaving for the talks, Minister Granic met with Iranian Foreign Minister 'Ali Akbar Velayati in Zagreb this morning. The talks centered on Croatian-Iranian relations and the situation in Bosnia-Herzegovina. After a brief visit to Zagreb, Minister Velayati will leave for Sarajevo where he will meet Bosnia-Herzegovina officials and attend the opening of the Iranian Embassy.

RSK 'Prepared To Help' Defense of Brcko

LD0705190694 Belgrade TANJUG Domestic Service in Serbo-Croatian 1805 GMT 7 May 94

[Text] Knin, 7 May (TANJUG)—Discussing the situation around Brcko, the Supreme Defense Council of the Republic of Serb Krajina [RSK] said in Knin today that the defense of the corridor was vital for the Serbian nation west of the Drina River. In this context, the council has sent its full support to the people and the leadership of the republic of Srpska making it clear that the RSK was prepared to help in the corridor's defense, as it did when the corridor was established. The RSK Supreme Defense Council expressed support for the efforts to prevent clashes near Brcko by deploying UN monitors, pointing out that the corridor has to remain an integral part of the Serb ethnic territory because of its importance, and that this was not negotiable.

RSK Official Criticizes EU 'Support'

LD0705142594 Belgrade TANJUG Domestic Service in Serbo-Croatian 1115 GMT 7 May 94

[Text] Jagodina, 7 May (TANJUG)—Branko Vojnica, president of the Assembly of the Republic of Serb Krajina [RSK], said today that the statement made by German diplomat Horst Weisel [German ambassador in Croatia] after yesterday's meeting between the European Union [EU] ambassadorial troika and the RSK leadership that "Krajina remains within Croatia's borders" was an unambiguous declaration of support for Croatia's policies, views, and demands that could jeopardize everything accomplished so far.

"Such a conspicuous remark will certainly turn Croatian President Tudjman and his officials into even greater hawks and encourage them to attempt, as they say, to reintegrate Krajina into their constitutional and legal system by force if need be," Vojnica told Radio Jagodina. "This continuous pressure does not surprise us, just as we are not deluding ourselves that it will not become even more complex and even stronger," Vojnica said. He stressed that the EU is evidently in a hurry to promote its interests in this area before the United States does.

"The EU has hinted at such a solution and has now announced it publicly, ignoring our right to self-determination on the basis of the UN Charter and the will of the Serb people expressed at the referendum. The Serbs decided not to live in Croatia because that state had erased them from its Constitution", Vojnica said. "The Serb people in Krajina have managed to defend themselves against their Croat neighbors and their overlords, and they will also defend their right to self-determination. They have elected their legitimate bodies of authority that will work in the interest of the people and will not back off from our basic demands," the RSK Assembly president said.

Valentic Comments on Serbian Areas, Promises No War

LD0705162094 Zagreb Radio Croatia Network in Serbo-Croatian 1500 GMT 7 May 94

[Text] [Announcer] The 30th international meeting of tourism journalists has begun in Makarska. The meeting is attended by about 150 journalists, including as many as 100 foreign reporters. The meeting was opened by Minister of Tourism Niko Bulic. Prime Minister Nikica Valentic and Ivica Mudrinic, minister of maritime affairs, transport and communications also attended. Jadran Marinkovic reports from Makarska:

[Marinkovic] Tourism is Croatia's main branch of the economy. That is our commitment and economic priority, Prime Minister Nikica Valentic said in Makarska today. Last year we earned 1 billion German marks [DM] from tourism, and this year we will double that figure. However, our final goal is for that sum to reach 5 or 6 billion marks in the near future. There will be no more war on Croatian territory, Prime Minister Valentic said resolutely. Many questions by journalists from 12 European countries focused on the safety of our coast and relations with the local Serbs, that is, the occupied areas. Mr. Valentic had the following to say about this:

[Begin Valentic recording] Croatia has done and is still doing everything to solve the problem of the occupied areas and the reintegration of those Croatian areas into Croatia's constitutional and legal system by peaceful means, without war. I can assure you that Croatia has enough economic power and military might to liberate those area by military means. The Croatian Government and the Croatian state will not resort to those methods. We will do everything—although that takes more time and stirs certain unrest among our population—in order to reintegrate those areas exclusively by peaceful means.

We have the world's support in doing this. On behalf of the Croatian Government, I guarantee you that there will be no war on the Croatian territory because the Croatian Government will not resort to force to solve that problem. [end recording] [passage omitted]

Commentary: Clinton's CNN Answer 'Vacillating'

AU0605175794 Zagreb VECERNJI LIST in Serbo-Croatian 5 May 94 p 2

[Commentary by Zoran Vodopija: "A Lecture From Sarajevo"]

[Text] I have done everything I could, I have done my best, U.S. President Bill Clinton said, cornered by unpleasant questions by CNN's top journalist, Christiane Amanpour from Sarajevo. I did expect to be given lectures from Sarajevo... because this poor woman has seen the horrors of that war. She is wonderful and has done a great favor to the entire world and I do not reproach her for being angry, Clinton said at the end of his 90-minute confrontation with CNN reporters in Sarajevo, Jerusalem, Seoul, Johannesburg, and the

Carter Center in Atlanta with some eminent journalists from all over the world. Clinton left a medium impression: His speech was full of cliches, two studios remarked that he dealt insufficiently with specific and concrete issues, he was humorous twice, made no major gaffes (Wolf Blitzer of CNN), and was better with domestic topics such as trade with Japan or Latin America than with Bosnia (Ralph Baker of CNN).

The U.S. President showed that U.S. foreign policy has been torn apart into various sides, that it begins much but completes little, and that it does not use same criteria for similar crises in the world. Clinton pointed out the three priorities of U.S. foreign policy: security, economic progress, and democracy. Haiti was exhausted as the first topic of the program and then came Bosnia. Belgrade Television Journalist Miodrag Ilic, who popped up from somewhere, wanted to know whether the United States will change its strategy toward Bosnia and treat the warring sides equally instead of "satanizing the Serbs through the media" and when the sanctions on Serbia will be lifted. Unlike the generalized answers that he gave to the majority of other questions, Clinton was surprisingly concrete. The short answer was as follows: "No," the U.S. President said, "at least as long as the negotiations are under way." He openly said that the embargo on weapons for former Yugoslavia had become a joke, as it gave a huge strategic advantage to the Serbs and their heavy artillery and made ethnic cleansing easier.

With her questions, Christiane Amanpour was beating Clinton down. She asked why he, as the leader of the free world, needed so long to articulate his policy toward Bosnia, why the West and the United States were hostages to those with a clear policy (the Bosnian Serbs), why he, with his vacillating policy, was setting a dangerous precedent that may make Kim Il-song and similar potentates take him less seriously than he would like. A frustrated Clinton provided a nervous and weak reply, but he nevertheless managed somehow to smoothe out the dispute with Christiane. In an extensive excuse for vacillating about Bosnian problem, Clinton said something that could be of interest to Croatia as well. In the case of Bosnia, we have no control over the situation, we only have influence, the U.S. President said.

During his speech Clinton mentioned Croatia only once and that was only in passing, while speaking about Bosnia. However, it is important to be aware of the part about control in this case too. Namely, somebody who controls a certain territory has control and the U.S. influence can, albeit does not have to, be a weight that will help him extend his control to those territories that he temporarily loses. This is important so that one can bring down to earth the people who thought that if things get even worse, the U.S. cavalry will invariably ride in to help. It might come in the form of strong diplomatic or military support, but not to aid the weak, but to help the strong.

Another link with Croatia can be discerned in Clinton's reply to a Palestinian journalist's question concerning help for the Palestinians in the occupied territories. Two billion dollars have already been waiting and the U.S. Administration will prompt Jewish and Arab lobbies in the United States to invest private capital the moment they see the peace is being respected. The message to Croatia would read as follows: Consistent respect for the Washington Agreement and Croatia's curbing the Herzeg-Bosnian practice of "hitting the brakes" will start opening the door to foreign capital and touch off the magic suggestion by the U.S. Administration to emigre and other capital in the United States: Croatia is no longer a region of risk. Final peace and agreement on the status of the occupied territories will let Croatia into the world. Until then, there will be that small consolation in the form of the recent first installment of the $10-million U.S. loan to Croatia, which was really meant to stimulate U.S. cotton producers to sell their surplus to Croatia.

And there is a third, albeit not the least important matter. Where were the Croatian journalists in Atlanta? Was somebody from Croatian Radio and Television [HRT] there, but not invited to speak? Or was nobody there because they were not invited? Or were they invited, but did not accept? Only CNN and HRT know the answer. Only it has happened again that journalists sent into the world Serbian deceptions without a Croatian reply.

Background of Special Police Force

94BA0258A Zagreb VJESNIK in Serbo-Croatian 20 Apr 94 pp 4-5

[Article by Jasminka Ivancic: "'Specialists'—Men for Hellish Missions"]

[Text] *Fifteen days in the field, two days of leave, 12 days of training. And this for two or three years. It is the specialist's duty to be at the state's disposal 24 hours a day, day in and day out. The specialist is a top-priority policeman, trained in skills that allow him to perform missions by the special police, but according to the strictly prescribed rules of the profession, says Mladen Markac.*

We first met Mladen Markac in June 1992, in devastated Vocin, when many people would not even speak his name to us. We had come to that ravaged region while touring the local war zone and special units of the MUP [Ministry of Internal Affairs], which were working on clearing out the terrain. Besides Vocin, we visited a dozen other abandoned and ravaged towns in that region. The more we saw, the more our journalistic respect for the "specialist" men and their commander, police professional Markac, grew.

One of their lodgings was inside the sooty, crumbling walls of a hotel in Zvecevo, in rooms that reeked of the recent fire. That was one of the many areas where they were eliminating the consequences of war, chetnik barbarism, and reestablishing the safety of life.

"When we arrived, there was no life here. We cleared away barricades, mine fields; in the Papuk region we removed 1,930 mines, there was no electricity, but we needed it, we reestablished electricity, then water; for communication with 'civilization' we needed telephone service, and then after the inhabitants returned, they got mail service, like everything else," Markac summarizes part of his little-known mission, which has received little public attention over these four years.

Professionalism and Ethics

Of course, it is much easier to talk about this "ordinary," accompanying work by the special police. The singularity of their wartime duties is in fact reflected by the case of Vocin, or rather the area of the former police administration of Osijek and Slavonski Brod, meaning the police stations of Podravska Slatina, Orahovica, and Pozega. The special police oversaw Papuk and part of Psunj.

The professionalism and ethics of these strong wartime nomads, who are obviously trained for the most difficult missions, was not overlooked by the inhabitants of the region in which they were active. For example, their doctors often saved the lives of civilians, offering them first aid and needed drugs. But little is known of this, and it is almost entirely unnoted in the annals of honor and glory; instead, their wartime successes remain in their memory and in the stories of those whom they encountered in the field.

Their wartime activities began with the first "massive disruptions of public order and peace by the rebel Serbs," with the first barricades, as increasingly extreme assaults turned into terrorism, and then into armed conflict, the brigadier general continues. They carried out missions in Glina, Petrinja, Dvor na Uni, and Karlovac, and after frequent attacks on Croatian police, military "skirmishes" began in the Pakrac region. During 1991, there were attacks on Kostajnica, Kozibrod, and Topusko across from Glina and Petrinja.

Plitvice was one of their first experiences with war. At the same time, the barracks of the former JNA [Yugoslav People's Army] were captured, which was very important since "there were no weapons and there was an embargo on importing them," Markac recalls. The weapons captured there were used not only to arm the police, but also to begin creating an army.

First to Oppose Terrorism

The organization of additional special-purpose MUP units, known at the time as "strong forces of the MUP," began immediately after the fighting broke out, first with hidden enemies, and then with increasingly aggressive ones. At the beginning of the war, the police, as the only organized combat force defending the homeland, provided the first experts, commanders, know-how, arms, and equipment. In time, the National Guard Corps [ZNG] was formed, and then the professional brigades—or the Croatian Armed Forces [HV]—as well.

"The police were the first to oppose the forces of subversive disorder, attempting to establish Croatian authority in areas where there was rebellion. The internal police organization of units distinguished itself in complex war operations, but there was obviously also a need to create military formations. The dynamics of events in the field forced the police, and later the military as well, to seek out new tactical solutions more appropriate to the imposed manner of warfare," Markac says, explaining the sometimes incredible events of the war.

With the founding of the armed forces, the police reserves went over to the ZNG en masse, together with their equipment, and the police were again reduced to the ATJ [Antiterrorism Unit]. Terrorism spread throughout rear-echelon regions of Croatia. But the police quickly created new special units in the police administrations, with the average strength of one company. They were the best-armed and best-prepared units and became the spearhead of the Croatian defense forces, participating on equal footing with the HV in carrying out minor tactical missions as well as more complex military operations in crisis regions.

"We always acted professionally, effectively, and in accordance with international conventions. The secrecy of the work was to the specialists' disadvantage, so to speak, because people were not aware of the many missions that they successfully completed. But because of that the enemy became quite familiar with the effectiveness of our forces," Markac says. They established Croatian authority in the Velebit and Papuk regions, saw action in Pakrac and Dubrovnik, marched into Cavtat and Prevlaka, fought in Glina.... Where all were they not present!?

Field, Leave, Training

But the police also had to do their own basic job, and the units changed their name to special units of the Croatian Police, so that the ATJ, because of the specific nature of its duties, remained as a unit on the state level, while the rest are in the regular structure linked to the police administrations and taking action in their region. Because of the extraordinary conditions under which they worked, the specialists' course of development went in the opposite direction—quickly thrown into war operations and combat, it was only later that they created a more refined structure and underwent training, but in that case with a certain amount of experience already under their belt. They had to adapt their manner of operation to domestic conditions, the imposed war.

"Fifteen days in the field, two days of leave, 12 days of training... and this for two to three years. It is inevitable that the regular rhythm of life is lost, but it is the specialist's duty to be at the state's disposal 24 hours a day, day in and day out. The specialist is a top-notch policeman, trained in skills that allow him to perform missions by the special police, but according to the strictly prescribed rules of the profession."

In short, this is only a suggestion of the working rhythm of members of the special units of the police, who over the past three years have created universal specialists, only for them to now specialize. What does that mean exactly?

"For three years, we did not train top-notch specialists for individual tasks; everyone did everything, but now we are working intensively on that very thing. In the beginning there were 2,200 policemen, recruited from the ranks of volunteers; 250 were selected as the best, and they underwent an accelerated program. The one who distinguished himself as a leader in his group through his natural abilities, standing out physically, intellectually, and organizationally, became the commander," Markac says, explaining how the specialist is now schooled, for which four to five years are necessary.

Chooses This Job Himself

Cooperative arrangements have been established with the School of Physical Culture and the School of Criminology, which train cadre, instructors for the police. After testing and selection upon acceptance into the police, the school determines whether the men selected also meet their strict criteria—whether their super quality makes them stand out. They then undergo further training, specializing as skin divers, mountain climbers, spelunkers, or pyrotechnicians, and resolving hostage situations is the top specialization but also the most dangerous situation.

"The specialist has dual responsibilities in his job: professionally, because he must perform his duty, and morally because he has the legal authority, for example, to kill someone who is holding hostages. But no matter what kind of criminal it is that he shoots, even the most hardened one, that has an effect on the policeman. That is why it is extremely necessary to work on psychologically preparing each specialist, so that he can physically and mentally bear the burden of the most demanding tasks.

"Moreover, the specialist must choose this job himself, and from day one a feeling of belonging to a group must be developed in him, the sense that an action is being conducted by a group," says Markac, who judging from our conversation with him brings together knowledge, police and athletic experience, and psychological toughness and tenacity, which have helped him in his four years commanding the special police forces.

Deeds Make a Specialist

In what other areas are specialists trained? As they say in their own jargon, it is extremely important that they master "the qualified application of force—that it be applied in the most humane manner, with the fewest possible consequences," aiming at targets selectively, because in a hostage situation, to use that example once again, "there is a small region of the body that you can hit" since the hostage is the one that covers and protects almost all of the abductor. But a master marksman will do his duty as it should be done.

They are not trained in diving for the purpose of recreation, but rather to pursue thieves of coral and other riches of the sea, for sunken ships and to rescue people and cargos, and so forth. The specialist does not scale peaks and crags for the sake of mountaineering success; he scales them under the load of equipment and the mission that he is carrying out—a military one now at Velebit, and in other situations capturing a fleeing criminal, across mountains buried beneath snow, lost in the mountains' traps....

Finally, Markac emphasizes this: It is not uniforms, medals, or ranks that make a specialist, it is his deeds and effectiveness in performing his duties. But under wartime conditions, the special police has been unable to take advantage of anyone's experience; the experience gained along the way in our region has been "unique" and inestimable.

[Box, p 5]

Mladen Markac, Policeman With Rank of Brigadier General

Until recently the chief of the Special Police Sector, a former deputy minister of internal affairs, Mladen Markac is a policeman with the military rank of brigadier general. An athlete who completed studies in physical culture and a topnotch judo wrestler with international medals, he began working for the police in 1981. He started as an operative for general crime and later moved to preparing special-purpose units. And that is where the war found him.

During the war, he was awarded the military rank of brigadier general, and the only people outside the military to gain military ranks were members of the Antiterrorist Unit of the MUP, because they participated in all the most important military operations from the beginning of the war. After the Croatian armed forces were created, specialists and soldiers fought shoulder to shoulder, at the highest police-military level of cooperation. Indeed, the special police is almost autonomous in performing these tasks, as well as in logistics, with the exception of heavy weaponry, of which they have none. On the other hand, many HV officers acquired their first knowledge and experience in the police.

Markac says this, among other things, about the police: Terrorism was an extended arm of the war, and it was necessary to create a solid and strong police force. Moreover, under conditions of war, crime flares up as well. That can be countered only with a well-structured police force, to which all operative branches lend strength. The state has entrusted to the police duties set out by the Constitution and by law, Markac explains, but the state need not fear a strong police, because the police is only an adjunct of the civilian authorities. Moreover, the state controls the strength and power of the police through its mechanisms.

Indeed, the basic work of the special police is this: fighting saboteur-terrorist groups, preventing kidnappings and hijackings, freeing hostages, establishing public order and peace to a greater extent, preventing ecological catastrophes, accompanying and ensuring the undisturbed transport of special cargo, detaining persons whose activities are exceptionally dangerous, and so forth. Operation "Ring," better known as the resolution of the "Pintaric case," was a textbook example of a hostage situation, Markac said, and one that he commanded.

ΩReports on Privatization Problems Examined

94P20734B

[Editorial Report] The following items on problems pertaining to privatization in the Republic of Croatia are drawn from periodicals published in that republic.

Irregularities in Forest Enterprise Alleged

A report on the Hrvatske Sume [Croatian Forests] public enterprise has been removed several times from the Croatian Assembly's daily agenda at the last moment, a fact that leads the Zagreb weekly DANAS to be suspicious about the business operations of the enterprise. In its 29 March issue discussing an unspecified Assembly debate on the enterprise, the weekly observes that: "What happened surprised many—Minister of Agriculture and Forestry Ivan Tarnaj tendered his resignation, while the prime minister dramatically came to his defense, refusing to accept the resignation. Although there were rumors that big shots were involved, the resolution of the situation in the enterprise was not completed. The government alloted two additional months for restructuring the management board of the Hrvatske Sume enterprise and investigating once more all the charges against this enterprise."

Reports on the investigations carried out by various Assembly commissions and state institutions, such as the Finance Police, cite several questionable areas in the business operations of the enterprise, according to DANAS. The Croatian Government admitted an operating loss of 576,000 German marks [DM], which was most often described by Assembly delegates as a "crime," DANAS states, adding that Vera Stanic, a member of the Assembly commission investigating the work of the Hrvatske Sume enterprise, enumerated specific irregularities, such as illegal foreign currency transactions, violation of a government decision limiting the production of certain wood products, and financial misconduct to the detriment of the enterprise and the state through misrepresentation of income, preferential treatment of private enterprises, and unauthorized felling, trade in, and export of wood. Stanic said that the enterprise's greatest problem is its management and demanded that Minister Tarnaj also be held accountable. Tarnaj defended the work of Hrvatske Sume, saying that the manner of privatization of the forestry sector was at the root of the controversy because "some individuals are trying to keep the best parts for themselves and leave those that are not good to the state."

In an interview published in the Split daily SLOBODNA DALMACIJA on 28 March, Stanic charged Hrvatske Sume's "top management" with the "theft" of Croatia's forests. "This is a real catastrophe," she said, "the impermissible devastation of the greatest of Croatian resources." Stanic named individuals in Hrvatske Sume's management who had been indicted by the Public Prosecutor's Office. She also discussed a report issued by the Finance Police on irregularities in Hrvatske Sume's operations, in particular the enterprise's exporting of wood at "incomprehensibly" low prices without the authorization of the Ministry of Trade.

Jailed Businessman Threatens To Tell 'Truth' on Privatization

Sinisa Caktas, a Split businessman who has attempted to buy "almost all the best Dalmatian enterprises" with millions of German marks of "mysterious" origin, is staging a hunger strike during pretrial confinement because he has not received replies to protest letters he had sent to Croatian President Franjo Tudjman, Prime Minister Nikica Valentic, several ministers, and President of the Croatian Privatization Fund Ivan Penic, says the 8 April Zagreb weekly GLOBUS.

According to GLOBUS, Canic says that he will keep quiet until his trial and then reveal the "truth" about privatization in Croatia. The weekly reports that Caktas is in pretrial detention with his associates Ivo Cecuk and Feri Toth on suspicion of having "misused a position of authority and falsified official documents in the ownership transformation procedure of the Split Mljekara [Dairy] enterprise." Caktas, on the other hand, accuses the Croatian Privatization Fund of selling him the Mljekara enterprise but not permitting him to register it in his own name. He claims that he concluded a contract with the Croatian Privatization Fund for the purchase of 50 percent of Mljekara's shares and is seeking a refund of the 4.5 million German marks he says he paid the fund, plus "large" compensatory damages. GLOBUS notes that the conflict over the dairy enterprise has been going on since September 1993.

Shares of Fishing Company Transferred to Privatization Fund

By a decision of the management board of the Croatian Privatization Fund [HFP], 46 percent of the shares of the Jadran-Ribolov fishing enterprise, in the amount of DM8,700,000, are being transferred to HFP ownership, reports the 11 April edition of SLOBODNA DALMACIJA. The daily notes that the HFP decision, issued to Jadran-Ribolov the previous day, states that not a single one of this block of shares had attracted a buyer when they were offered to the public. According to the general director of Jadran-Ribolov, SLOBODNA DALMAJICA says, a founding meeting of the shareholders' society will be held within the next 10 days. "Small shareholders"

hold a total of 43 percent of Jadran-Ribolov stock, and the Split Bank owns the remaining 11 percent.

Emigres' Investments in Weapons Factory 'Disappear'

The 1 April issue of GLOBUS alleges that 400,000 Swiss francs invested by Croatian emigres in the "first Croatian weapons factory" have disappeared. The paper asks: "Was the founding of the TOVO shareholding company intended to be the beginning of the construction of the first Croatian weapons and military equipment factory, or was it just a trick to rob Croatian emigres of thousands of francs?" According to GLOBUS, brochures appeared in Switzerland in 1992 urging Croat emigres to become co-owners in TOVO of Zagreb, the first shareholding company "for the needs of Croats." Emigres who paid for shares of stock in the company have never seen their actual shares and have never received any dividends. All they have are receipts for their payments, says GLOBUS, adding that the TOVO enterprise does not exist, "at least not at the addresses and telephone numbers published in patriotic brochures." GLOBUS lists the names of TOVO's founders, identifying them as members of the Croatian Democratic Community [HDZ], the party of Franjo Tudjman. "The only success the enterprise has had," GLOBUS states, was the "publication of several issues of MAGNUM magazine," which listed Branimir Glavas, soldier and politician from Osijek, as a member of its editorial staff and several weapons specialists from the Croatian Army's General Staff as permanent assistants.

UN Calls Part of Serbian Border 'Disputable'

AU0905102094 Skopje PULS in Macedonian 6 May 94 p 14

[Commentary by Branko Geroski: "Disputable 'Mileage' for General Tellefsen"]

[Text] Brigadier General Tryggwe Tellefsen, UNPROFOR [UN Protection Forces] commander for Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], recently visited Nis, where he had discussions with representatives of the General Staff of the Yugoslav Army. The news broadcast by Macedonian Television described the visit as "technical" (as was, allegedly, the character of the meeting), which was why it was not even noted by the press. In a statement for this most powerful of the media, General Tellefsen told the Macedonian public that he had had talks with Serbian officers about some "minor" questions: How to avoid border incidents between the "blue helmets" and Yugoslav troops; how to establish normal communications and exchanges of information between the two sides (in the case, the two sides are the Yugoslav Army and UNPROFOR)... together with other similar "technical" trifles that should not excite the public unduly.

Unfortunately, not everything is as straightforward and simple as it may first appear. This is at least because of two unusually "strong" statements made by Mr. Tellefsen. The first is the information about the increased presence of Serbian military formations near the Macedonian-Yugoslav border, allegedly because of some Yugoslav Army maneuvers. The Macedonian public had not been informed about any maneuvers near its border or about the unusual presence of military formations on the other side of the border (this "line" should normally be taken conditionally, because there is no marked or defined line). Nevertheless, being a serious soldier, General Tellefsen does not talk nonsense (God forbid!), which means that there must have been some unusual activities on the other side of the border. Before this statement, the public had probably been generously spared this information. Let us now not split hairs or broach the question about "normal" communications between two states, when one of them violates normal procedures for informing the other whenever it undertakes unusual military activities in the vicinity of its border. This is the Balkans and one should not expect such good manners.

The second statement made by Tellefsen is rather more serious: Namely, if we have understood it correctly, the general said that there is around 140 km of Macedonian-Yugoslav border regarded as disputable, militarily speaking. The border, as we know, has not been marked with posts, but there is the practice from former Yugoslavia and there are some administrative borders that Macedonia, at least until this statement was issued, assumed were undisputable—according to statements made by government officials, there are only a few points on the border that are in dispute. General Tellefsen owes the government and the broader public a serious explanation about the criteria by which 140 km of the northern border (from Kumanovo to the Bulgarian border) is being regarded as disputable.

There is no trickery here: General Tellefsen starts out from real problems faced by his soldiers—incidents and so on. Wherever one happens, it certainly represents a "disputable" space for the UN peacekeepers. The trouble is that in each such individual case the "disputable" nature is defined by the Serbian border guards. So far there has not been a case of the Macedonian border guards or the "blue" observers capturing or kidnapping a Serbian patrol on territory that can be defined as "disputable" by the Macedonian side.

The UNPROFOR delegation, General Tellefsen stated, had agreed to a certain "good will" procedure with the representatives of the General Staff of the Yugoslav Army in such unfortunate cases. In brief, it was agreed that if the peacekeepers were accidentally to stray into "disputable" (read: Serbian) territory, the Serbian guards should be "gentle" and understanding. Moreover: The Serbian side will inform UNPROFOR about military exercises and maneuvers in order to avoid incidents. (But will anybody officially inform Macedonia?)

At first sight, it is good that some kind of procedure has been established to avoid unnecessary incidents. However, it is possible to view this in another way. Namely, the situation on the territory (these unmarked borders) could remain so for years. During all that time the Macedonian border guards and the "Macedonian" UNPROFOR members will establish certain practices to resolve incidents. With each case, point by point, part after part of the territory that official Macedonia does not see as disputable will be treated as such. All this will be done along these 140 km, which even General Tellefsen regards as disputable. Is this not a dangerous precedent before the future necessary demarcation of the border?

This is why we conclude that it would have been an elementary rule to have at least the formal presence of a representative of the Macedonian Government there. General Tellefsen could have independently informed his Serbian collocutors about his units, have any kind of fruitful conversations, even about the mentioned incidents, but the moment the Macedonian-Yugoslav border was mentioned and treated as partly "disputable," the subject unquestionably became political. The discussions of issues of such a kind without the presence of Macedonian representatives is a weird gesture, if not more than that.

Nevertheless, let us be realistic: General Tellefsen is a soldier. The man has real problems on the ground and that is why his conduct is militarily pragmatic. The problems, or at least so it seems, have been solved. The general has no strict obligation to understand our sensitivities when the border is at stake or to demonstrate good manners in front of his good hosts. The problem is

that the Defense Ministry did not react, and official Macedonia did not react. Not for the sake of unnecessary quarreling with UNPROFOR (God forbid!) but to make it clear that neither directly, nor "military" or "technically," can our borders be discussed without our presence.

The UNPROFOR peacekeepers are staying in Macedonia without any official arrangement, and our requests for a definition of the special mandate of the forces in Macedonia have been repeatedly ignored. All of this can be considered as of minor importance, because what really matters is the peace mission. However, that is not a good enough reason for the lack of official contacts with Macedonia in this case. There still remains the statement that half of our northern border is disputable and it really will be most typical if it remains hanging over us in this way.

Assembly Discuss Budget, Compensation Law

AU0705165894 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 7 May 94

[Text] During the general parliamentary debate about the state budget, Janez Kopac, a deputy of the Liberal Democracy who is otherwise the chairman of the parliamentary Finance Commission, also pointed out that the adoption of some laws will additionally burden the state treasury. Here he, among others, singled out the Law on Compensation of Injustices, whose financial consequences will amount to several tens of millions of German marks. This law has been put into parliamentary procedure by the Slovene Peoples' Party [SLS]. For this reason our reporter Marjan Rogelj asked Janez Podobnik from the SLS for an explanation, while he asked Janez Kopac how the funds would be secured if the law, which has already been passed in the first reading, will also be implemented:

[Begin recording] [Podobnik] The Law on Compensation of Injustices should have been passed already. It is incredible that Slovenia is finally getting this law after four years of diplomacy. As regards the procedure, I think that if the law is passed before the parliamentary summer recess, a special government working commission will be formed on the basis of the law and by the time it is activated and receives its first claims, I am convinced that even if the law is passed this year, it will in no way burden the 1994 budget. I would like to stress once again that we have already compiled a thorough calculation. Namely, during the first reading the State Chamber ordered us that we must specify the exact total amount of the funds and the sources of these funds by the second hearing.

[Kopac] Well, the options are either to cut all other budgetary obligations for this amount, increase the budget deficit, or impose new taxes. There simply is no other way. I would add here that I find the reduction of other budgetary obligations for this amount unrealistic, as we suffer an acute budget crisis anyway. Any increase in debts would be bad for all of us and introduction of new taxes is not terribly popular either. [end recording]

Assembly Passes Budget

AU0705165194 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 7 May 94

[Excerpt] After a three-day session, the State Chamber passed the 1994 budget last night. Some 407.6 billion Slovene tolars are expected to accumulate in the state treasury, while the budget deficit will reach 12.8 billion Slovene tolars, which is 0.8 percent of the estimated GNP. The deficit will thus be a good billion higher than anticipated and its increase is primarily due to the additional funds for the maintenance of local and regional highways. All other allocations of funds more or less stayed within the proposed limits. [passage omitted]

Federal

Zhirinovskiy Arrives in Belgrade, Warns West

LD0805211794 Belgrade TANJUG Domestic Service in Serbo-Croatian 2023 GMT 8 May 94

[Text] Belgrade 8 May (TANJUG)—Vladimir Zhirinovskiy, president of the Liberal Democratic Party of Russia [LDPR], who arrived in Belgrade today, called for the lifting of the blockade of the Federal Republic of Yugoslavia [FRY] and announced that his party will do everything to ensure that the Russian Duma reaches a decision to that effect at its session on 11 May. Asked about the precise date when sanctions against the FRY will be lifted, Zhirinovskiy said that this will happen "the day after the results of the elections for new Russian president are revealed." He pointed out that he will speak at a rally in Belgrade's Republic Square to mark the 49th anniversary of the victory against German fascism and imperialism, regardless of the fact that the rally has been banned.

According to Zhirinovskiy, the ban was not unexpected. He sees it as a "maneuver" because, as he pointed out, "somebody wants to be friends with both us and the NATO, but this is useless." As announced, the leader of the LDPR, who arrived at the invitation of the Serb National Renewal [SNO], is expected to meet representatives of the FRY and Serbian assemblies as well as representatives of the republic of Srpska and the republic of Serb Krajina [in Croatia].

According to Zhirinovskiy, he has arrived in Belgrade heading a "specific delegation" consisting of "representatives of legislative authorities and military experts." During his meeting with the press he reiterated his opposition to foreign involvement in the territory of former Yugoslavia and warned western states against testing the power of the Russian Army.

According to him, there are two solutions to the crisis in the Balkans—the first one is for the Balkan peoples to decide for themselves how they want to live, and the second one is to send 100,000 or 200,000 Russian soldiers, at the invitation of the Serbian side, "to bring order to the Balkans within a month."

Zhirinovskiy noted that the LDPR will make efforts to have the Russian right of veto in the UN Security Council used to prevent implementation of any measures against the FRY. He accused NATO of refusing to listen to the "voice of common sense" from Moscow and of wanting to test the strength of Russia. "Our army showed what it could do 49 years ago. If they want to test its power again, they will be able to test it in their countries' capitals," Zhirinovskiy said. He stressed that another 22 June (the date when Nazi Germany attacked USSR in 1941) will not happen again, because "we will begin [our attacks] a few days before that." Stressing that the LDPR is on the Serb side, he warned: "We can drop ten times as many bombs on the towns from where the planes which bomb peaceful towns in Yugoslavia take off."

State Duma Deputy President Aleksandr Vengerovskiy, who is a member of the delegation, called for a military and political alliance between the Balkans and Russia. He said that under the Balkans he also means the new states—the republic of Srpska and the republic of Serb Krajina [RSK]. He said that the invitations extended to the presidents of the RS and RSK, Radovan Karadzic and Milan Martic, are signs of recognition of the new states.

SNO president Mirko Jovic explained that the SNO invited Zhirinovskiy because "the LDPR is the only force in the world that can destroy the ghastly idea of the so-called unitary world state," and also because they want to give relevant information to the Russian delegation, which they will need in the discussion on the lifting of the sanctions in the Russian parliament.

National Renewal Rally Banned

LD0705140194 Belgrade TANJUG Domestic Service in Serbo-Croatian 1214 GMT 7 May 94

[Excerpts] Belgrade, 7 May (TANJUG)—Representatives of the Serbian National Renewal [SNO] announced at a news conference today that the relevant authorities have banned the party's convention scheduled for Victory Day on Monday at the Republic Square in Belgrade. The SNO said that Vladimir Zhirinovskiy, chairman of the Liberal-Democratic Party of Russia, was to have addressed the convention.

A decree banning the convention, signed by Milos Vukobrat, head of the interior affairs department of Belgrade's Stari Grad municipality, stresses that the decision was passed because "if the meeting goes ahead and there is a breach of public order, the safety of people and property will be threatened, and public transport will be interrupted." [passage omitted]

[Zoran] Atanaskovic [chairman of the SNO executive committee] said: "We believe that this is a political ban, and the SNO's final stance is that the convention will go ahead as planned, regardless of whether our appeal to overturn the ban is accepted or not." According to him, there have never been any incidents at SNO meetings. He added that the party is ready to guarantee safety to all participants in the meeting, and that 200 bouncers will be provided.

Jela Jovanovic, chairman of the SNO's political council, confirmed that Zhirinovskiy and his closest aides will arrive tomorrow afternoon and spend three days in Belgrade. According to her, immediately upon his arrival, Zhirinovskiy will have a meeting with republic of Srpska president Radovan Karadzic and then hold a news conference in the International Press Center. [passage omitted]

Ban on Rally Overturned

LD0905111394 Belgrade TANJUG Domestic Service in Serbo-Croatian 1009 GMT 9 May 94

[Excerpts] Belgrade, 9 May (TANJUG)—The Serbian Ministry of Internal Affairs has given its permission to the Serb National Renewal to hold a rally in Belgrade's Republic Square later today to mark 9 May—the day of victory against fascism. TANJUG has learned from Milos Vukobrat, head of the internal affairs department in the Stari Grad municipality, that this morning the Ministry of Internal Affairs accepted the Serb National Renewal appeal against the decree banning the rally. [passage omitted] According to the SNO, Vladimir Zhirinovskiy, the president of the Liberal Democratic Party of Russia, will also address a rally scheduled for 1530 today.

Sainovic Views Economic Recovery, Sanctions

LD0805165294 Belgrade TANJUG in English 1639 GMT 8 May 94

[Text] Belgrade, May 8 (TANJUG)—Yugoslav Deputy Prime Minister Nikola Sainovic said on Sunday the success of the country's economic recovery programme was a heavy blow to international sanctions against it. The sanctions were originally introduced to cause an economic collapse in Yugoslavia, but the programme has prevented this and in this way made senseless the very purpose of the sanctions, Sainovic told the local radio in Kragujevac.

In late May of 1992, the U.N. Security Council introduced tough sanctions against Yugoslavia (Serbia/Montenegro) for its alleged involvement in civil war in neighbouring Bosnia-Herzegovina. Those who imposed the blockade now see that the Yugoslav economy is recovering and that the sanctions are also affecting the countries neighbouring on Yugoslavia which are allegedly supported by the big powers, said Sainovic.

"The positive results of the programme have become evident in the first 100 days of its implementation, primarily as concerns the curbing of hyperinflation and revival of production." The basic goal now is to sustain production growth and ensure revival of the overall economic activity, explained Sainovic.

The economic recovery programme, which was launched on January 24, slashed inflation to zero. Before the programme was introduced, the monthly inflation in Yugoslavia soared to the unbelievable 310 million percent. One of the effects of the sanctions was a sharp drop in industrial production which was reversed after the programme was introduced. In February, industrial output rose by 12.4 percent on the January figure and in March by 21.3 percent.

The architect of the Yugoslav economic recovery programme is Dr. Dragoslav Avramovic, 77, who for decades worked with the World Bank and other U.N. specialized agencies. Dr. Avramovic is currently governor of the National Bank of Yugoslavia.

Party Leaders Want Economic Federation

94P20707A Belgrade BORBA in Serbo-Croatian 2-3 Apr 94 p 2

[Editorial Report] Speaking to Radio Kragujevac on 3 April, leaders of four parties represented in the Serbian Assembly, including President Slobodan Milosevic's Socialist Party of Serbia, unanimously agreed that "the political integration of the former Yugoslav community is impossible, but the establishment of economic, agricultural, transportation, cultural, and other relations is not only possible but, in fact, indispensable." This was reported in the Belgrade daily BORBA of 4 April, together with excerpts of the party leaders' statements, in an article titled "Renewal of Yugoslavia Impossible."

Zoran Djindjic, president of the Democratic Party, is cited as observing that the regions that formerly constituted the state of Yugoslavia should strive to establish the "firmest links possible" as long as each of the areas retains its independence "in the political and every other sense."

Vuk Draskovic, leader of Serbian Renewal Movement, points out that "there is no such thing as the reintegration of Yugoslavia; this gossip is spread by those opposition parties whose power was based on hatred, war, killing, and refugees." He adds, however, that economic, transportation, and cultural links must be established "on the territory that was once Yugoslavia," noting that it does not make sense to travel to Sarajevo through Frankfurt.

Vojislav Kostunica, president of the Democratic Party of Serbia, stresses that "there are both contemporary and historical factors making it impossible to create a new Yugoslav state community."

Borislav Jovic, vice president of the Socialist Party of Serbia, points out that the Serbs were the only nation interested in preserving Yugoslavia before the war, but now, after the war, they are against it. The Serbian people's opposition, according to Jovic, was demonstrated during the last elections because "the parties that talk about a new Yugoslavia did not gain a single seat in the republic's parliament." Jovic further stresses that the Serbs are for a "reduced" Yugoslavia, but not for Yugoslavia as it was in the past. He also agrees that the Serbs should establish economic, commercial, ecological, and cultural relations with their neighbors on the territory of the former Yugoslavia.

ΩUnregulated Currency Undermining New Dinar

94P20273A

[Editorial Report] Several articles in recent issues of the Belgrade daily VECERNJE NOVOSTI have examined problems with the Federal Republic of Yugoslavia's new dinar, the value of which is supposed to be pegged to the

German mark [DM]. A shortage of the foreign currency that serves as the dinar's backing and an abundance of dinars, combined with aggressive illegal money markets, are eroding the new dinar's value. The "culprits" are not only illegal street dealers, but also some legitimate businessmen. The government is considering various remedies ranging from a gold-backed dinar to arrests of currency dealers. The paper indicates that the problem is widespread, occurring in numerous cities in Serbia and Montenegro.

According to an article entitled "Dinar Being Tested" in the 10 April VECERNJE NOVOSTI, "the inability of the state to fight successfully against the unregulated sale of hard currency is due, first of all, to the fact that hard currency reserves have been depleted and that the stabilization program started with about DM300 million, an amount that was actually insufficient. That much was purchased during the first two months of the program, and since then demand has exceeded supply."

The shortage of hard currency, which undermines the new dinar, is not caused by ordinary citizens, states an article in the 9 April VECERNJE NOVOSTI. The main culprits are the private dealers who line up daily at the banks to buy hard currency. "Sales of marks and dollars by banks and exchange offices far surpass purchases. 'Agrobanka' of Podgorica, for example, sold 6,000 marks while it bought 800. The situation is similar in other banks."

Dealers are playing for larger stakes on the streets, reports VECERNJE NOVOSTI on 5 April: "They don't bother with small change any more. Now they offer 110 dinars for DM100, 1,200 dinars for DM1,000, and 2,500 'super' dinars for DM2,000." Aggravating the erosion of the dinar and the depletion of hard currency, the paper adds, are dealers from Bulgaria and Romania who offer 1.2 to 1.5 dinars for a mark. The greatest damage is done by large-volume dealers who work with tens and hundreds of thousands of marks, according to a 6 April VECERNJE NOVOSTI article, which reports that two groups of dealers were recently arrested in Belgrade for transactions totaling DM750,000. Most of these people are owners of businesses, the paper notes.

The article goes on to examine where all the dinars are coming from. Milorad Vlakovic, director of Plevlje Bank, believes that many dealers are buying marks for various businesses, which thus convert their daily dinar profits into hard currency. It notes that while such transactions may be a major source of dinars, they are not the only ones. It cites a TANJUG report that "yesterday morning in Podgorica, several dealers had several thousand new dinars each. These dinars were in their original bank wrappers, stacked according to their serial numbers." The article adds that in Montenegro one type of business takes a direct approach in collecting hard currency. Service stations sell gasoline strictly for hard currency. This is legal in Montenegro, and it forces many people to buy hard currency in order to obtain gasoline.

An article entitled "It Costs Less in Marks" in VECERNJE NOVOSTI of 10 April notes that many products sell on the black market for as much as a 30 percent discount if they are paid for in marks rather than dinars. These items include electronics products, clothing, cosmetics, and some imported foods. The article also reports on measures such as cameras in banks and identity checks that are intended to prevent repeated purchases of hard currecny by the same individuals. Such measures are easily defeated, the paper observes; dealers simply send proxies to the banks. The 9 April VECERNJE NOVISTI reports that banks in the city of Zajecar have found a more effective way to avoid depletion of their foreign currency supplies: They sell only as much foreign currency as they buy.

The Belgrade Institute of Economy has proposed that the National Bank of Yugoslavia introduce gold coins weighing four grams and valued at 92 dinars as a way of reducing the number of dinars in circulation, states the 10 April VECERNJE NOVOSTI article. The institute has also proposed the introduction of special-product bonds. To deny currency dealers access to dinars intended for the purchase of the wheat crop, for example, bonds redeemable for wheat would be issued. The paper concludes, however, that in spite of the efforts to ensure the stability of the new dinar, "bankers are already talking about devaluation."

Montenegro

Deportation of Serb, Muslim Refugees Attacked

94P20734A

[Editorial Report] Three articles in two recent issues of the Belgrade weekly VREME discuss the public admission by Nikola Pejakovic, Montenegrin minister of internal affairs, that Serb and Muslim refugees from Bosnia-Herzegovina had been deported from Montenegro to Serbian-held territory in Bosnia-Herzegovina.

VREME's 4 April issue published a letter dated 18 September 1992 written by Pejakovic in response to an inquiry by Daniela Stupar-Titoric, a Bosnia- Herzegovina refugee in Montenegro, about the fate of her husband. In the letter Pejakovic admitted to Stupar-Titoric that her husband, Alemko Titoric, from Novo Sarajevo, had been arrested in Herceg Novi, Montenegro, on 26 May 1992 together with 34 other persons, and, at the request of the republic of Srpska [RS], the self-proclaimed Serb state in Bosnia-Herzegovina, handed over to Srebrenica Secretariat of Internal Affairs [SUP] officials, who in turn handed the refugees over to Bosnian Muslim military police at the Territorial Defense headquarters in Bratunac in exchange for RS prisoners. Pejakovic stated in the letter that he had no other information on the fate of the deported individuals.

The 11 April issue of VREME contended that Pejakovic's letter finally confirmed the suspicions of the

Montenegrin opposition that what is at issue are "acts that have the character of war crimes against a civilian population." The weekly noted that opposition delegates in the Montenegrin Assembly had been demanding an investigation of the deportation of refugees since the "first half of 1992." These demands contributed to the "satanization" of the opposition in the Montenegrin press, VREME said, adding that the press viewed the arrested individuals as "Alija's fighters and perpetrators of diversionary tactics" who "came to Montenegro disguised as refugees" intending to "provoke a war in this area." In talks with opposition party delegations, however, Montenegrin President Momir Bulatovic gave his assurance that the deportation of refugees would cease and that each case would be investigated, VREME reported, adding that a parliamentary commission had been formed to conduct an investigation. VREME listed the names of 85 ethnic Muslim and Serb deportees who it said were identified by Pejakovic in his April 1993 official response to the parliamentary commission. According to the information provided by Pejakovic, groups of refugees were turned over to the republic of Srpska on 19, 24, 25, and 27 May 1992.

The same issue of VREME criticized the deportation of refugees and cited a statement by Nebojsa Vucinic, professor at the law faculty of the university in Podgorica, that "what is at issue is the violation of the Convention on the Status of Refugees, which Yugoslavia signed and ratified.... The basic right of refugees is that they not be returned to the state from which they escaped and in which their lives are in danger.... The basic duty of a state is to offer protection to the refugees, and if someone among them has committed a war crime or a crime against humanity, he is to answer before a regular court and through regular court proceedings."

VREME also quoted Stevan Lilic, professor of constitutional law at Belgrade University, who viewed Pejakovic's letter to Daniela Stupar-Titoric as "proof of the clinical death of a legal state." Lilic stated that the police violated both the Constitution of Montenegro and the Constitution and Criminal Code of the Federal Republic of Yugoslavia [FRY]. He cited Article 23 of the FRY Constitution, which maintains that no one should be deprived of freedom except persons who have committed criminal acts; Article 154 of the Criminal Code of Yugoslavia, which calls for a five-year prison sentence for persons who violate human rights on the basis of ethnic, racial, or other differences; and Article 142 of the Code, according to which the taking of hostages is considered a war crime. Lilic asked: "Is the Montenegrin Ministry of Internal Affairs in the service of the republic of Srpska, and is Montenegro conducting on its territory a manhunt for people of another state and on behalf of that state? Thus, a state is violating its own constitution in order to do a service for another state.... This act is not only unconstitutional, it is totally immoral."

VREME maintains that Pejakovic's "cool public admission" of the deportation amounts to an attempt to institutionalize lawlessness and to proclaim the manhunt for refugees a normal police procedure. Thus, the weekly concludes, this kind of lawlessness could be repeated again and again.

Kosovo

Rugova Says Talks With Hogg 'Successful'

LD0605133594 Belgrade TANJUG Domestic Service in Serbo-Croatian 1120 GMT 6 May 94

[Text] Pristina, 6 May (TANJUG)—Ibrahim Rugova, president of the Democratic Alliance of Kosovo [DSK], today described his talks in Pristina yesterday with British Foreign Office minister Douglas Hogg as "rather important and successful." At a news conference, Rugova recalled Hogg's statement that Great Britain will make efforts to resolve the problem of Kosovo and other parts of the former Yugoslavia. Commenting on Hogg's statement that Kosovo is part of Serbia and that the Albanians can only count on autonomy, he said: "We discussed all issues with the British Foreign Office minister. From the international point of view he has no authority or power to make any suggestions about what Kosovo is part of."

"Mr. Hogg came here primarily in good faith and with the intention of exploring the possibility of a Serbian-Albanian dialogue," the DSK leader said. Asked about the possibility of establishing a dialogue with representatives of the Serbian authorities, Rugova said: "We have had no information about this." He described all talk about the possible beginning of talks as speculation. To a reporter's comment that "Serbia is ready for certain concessions to normalize the situation in Kosovo," Rugova said ambiguously: "We will see what concessions we are talking about."

In the context of what he usually calls the daily repression of Albanians by the Serbian authorities, Rugova mentioned the crime in the Mladenovac barracks, describing it as "an incident which reflects the games and insinuations surrounding ethnic Albanian soldiers in the Yugoslav Army." Instead of condemning the crime, Rugova condemned the military authorities and said they are allegedly asking for financial compensation to release soldiers of Albanian nationality from the Yugoslav Army.

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